DEVERON CORP.

CONSOLIDATED

FINANCIAL STATEMENTS

PERIODS ENDED JUNE 30, 2023 AND DECEMBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the shareholders of

Deveron Corp.

Opinion

We have audited the consolidated financial statements of Deveron Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at June 30, 2023 and December 31, 2022 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the periods then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group incurred a net loss of $13.7 million during the six-month period ended June 30, 2023 and has an accumulated deficit of $32.1 million. In addition, the Company had a working capital deficit of $4.8 million and negative cash flows from operations of $2.6 million. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cause significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Grant Cuylle.

Grant Thornton LLP

Toronto, Canada
October 26, 2023

Chartered Professional Accountants
Licensed Public Accountants

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

DEVERON CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,964,720**	$ 5,824,811
Accounts receivable (note 7)	**4,287,524**	6,494,639
Prepaids and other assets	**1,366,679**	1,552,159
Total current assets	**8,618,923**	13,871,609
Non-current assets		
Property, plant and equipment (note 8)	**17,843,753**	17,778,398
Right-of-use assets (note 9)	**4,140,969**	4,804,632
Goodwill (note 10)	**53,861,319**	54,016,601
Intangible assets (note 11)	**24,179,023**	25,650,484
Due from related parties (note 25)	**584,158**	605,264
Investment in associates (note 12)	**100**	100
Total non-current assets	**100,609,322**	102,855,479
Total assets	**$ 109,228,245**	$ 116,727,088
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**$ 2,686,066**	$ 2,224,349
Accrued and other current liabilities	**2,082,416**	2,744,877
Current portion of loans payable (note 13)	**251,910**	251,910
Current portion of lease liabilities (note 14)	**380,000**	380,000
Current portion of borrowings under credit facility (note 17)	**2,142,000**	2,730,000
Current portion of deferred and contingent consideration (note 15)	**932,557**	1,968,841
Promissory notes (note 6(b))	**4,926,600**	4,926,600
Total current liabilities	**13,401,549**	15,226,577
Non-current liabilities		
Loans payable (note 13)	**487,092**	562,100
Lease liabilities (note 14)	**3,271,389**	4,088,916
Borrowings under credit facility (note 17)	**27,573,557**	27,508,189
Deferred and contingent consideration (note 15)	**756,680**	1,136,155
Deferred income taxes (note 24)	**5,384,267**	5,760,176
Non-controlling interest ("NCI") put obligation (notes 5 and 6(b))	**13,214,336**	9,917,750
Convertible debentures (note 16)	**8,521,667**	8,525,067
Total non-current liabilities	**59,208,988**	57,498,353
Total liabilities	**72,610,537**	72,724,930

DEVERON CORP.
Consolidated Statements of Financial Position (continued)
(Expressed in Canadian Dollars)

	As at June 30, 2023	As at December 31, 2022
Shareholders' equity		
Share capital (note 18)	**47,122,082**	41,007,368
Reserves (notes 19, 20 and 21)	**8,175,708**	7,512,087
Equity component of convertible debenture (note 16)	**1,740,090**	1,740,090
Deficit	**(32,069,629)**	(18,487,544)
Accumulated other comprehensive income ("Accumulated OCI")	**19,668**	480,847
Equity reserves (note 6 (b))	**(12,966,726)**	(12,966,726)
Shareholders' equity attributable to shareholders	**12,021,193**	19,286,122
NCI (note 6(b))	**24,596,515**	24,716,036
Total shareholders' equity	**36,617,708**	44,002,158
Total liabilities and shareholders' equity	**$ 109,228,245**	$ 116,727,088

The accompanying notes are an integral part of these consolidated financial statements.
Nature of operations and going concern (note 1)

Approved on behalf of the Board:

"Bill Linton", Director

"Roger Dent", Director

DEVERON CORP.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022
Revenues		
Data collection	**$ 3,109,729**	$ 6,888,215
Data analytics	**11,155,280**	22,034,918
	14,265,009	28,923,133
Cost of services		
Cost of services (note 23)	**(4,872,980)**	(8,971,292)
Gross margins	**9,392,029**	19,951,841
Operating expenses (income)		
Salaries and benefits	**7,443,947**	11,396,425
Office and general	**4,504,702**	8,583,834
Share-based payments (note 19)	**900,841**	1,147,082
Depreciation (notes 8 and 9)	**1,798,538**	2,574,996
Professional fees	**815,870**	2,338,257
Amortization of intangible assets (note 11)	**1,789,662**	2,255,488
Interest expense (notes 14, 15, 16 and 17)	**2,600,091**	3,368,346
Change in NCI put obligation (note 5)	**3,296,586**	(3,048,977)
Foreign exchange gain	**(75,453)**	(249,007)
Interest income	**(20,673)**	(58,568)
Gain on disposition of property, plant and equipment (note 8)	**(80,517)**	(181,326)
Total operating expenses	**22,973,594**	28,126,550
Net loss before income taxes	**(13,581,565)**	(8,174,709)
Income tax expense (note 24)	**120,041**	399,196
Net loss for the period	**(13,701,606)**	(8,573,905)
Other comprehensive loss:		
Foreign operations - (loss) gain on foreign currency translation	**(461,179)**	379,231
Net comprehensive loss for the period	**$ (14,162,785)**	$ (8,194,674)
Net loss for the period attributable to:		
Shareholders of the Company	**$ (13,582,085)**	$ (9,086,201)
Non-controlling interest	**(119,521)**	512,296
Net loss for the period	**$ (13,701,606)**	$ (8,573,905)
Net comprehensive loss for the period attributable to:		
Shareholders of the Company	**$ (14,043,264)**	$ (8,706,970)
Non-controlling interest	**(119,521)**	512,296
Net comprehensive loss for the period	**$ (14,162,785)**	$ (8,194,674)
Basic and diluted net loss per common share (note 22) - basic and diluted	**$ (0.10)**	$ (0.07)
Weighted average number of common shares outstanding - basic and diluted	**142,087,346**	116,387,677

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

DEVERON CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022
Operating activities		
Net loss for the period	**$ (13,701,606)**	$ (8,573,905)
Depreciation	**1,798,538**	2,574,996
Amortization of intangible assets	**1,789,662**	2,255,488
Share-based payments	**900,841**	1,147,082
Interest expense	**2,600,091**	3,368,346
Income tax expense	**120,041**	399,196
Gain on disposition of property, plant and equipment	**(80,517)**	(181,326)
Change in NCI put obligation	**3,296,586**	(3,048,977)
Foreign exchange and other	**(278,143)**	(452,489)
Changes in non-cash working capital items:		
Accounts receivable, prepaids and other receivables	**2,392,595**	(3,137,771)
Accounts payable, accrued and other current liabilities	**(1,071,723)**	(3,145,169)
Income tax paid	**(375,909)**	(1,203,576)
Net cash used in operating activities	**(2,609,544)**	(9,998,105)
Investing activities		
Cash payment for the acquisition of Agri-Labs	**-**	(546,483)
Cash payment for the acquisition of A&L, net	**-**	(34,796,783)
Cash received for the acquisition of Frontier	**-**	(1,128,967)
Cash payment for contingent consideration	**(833,527)**	(1,698,746)
Purchase of property, plant and equipment	**(1,138,813)**	(5,491,738)
Proceeds from disposition of property, plant and equipment	**107,487**	212,163
Net cash used in investing activities	**(1,864,853)**	(43,450,554)
Financing activities		
Loan repayment for acquisition of A&L	**-**	(3,334,276)
Proceeds from issuance of convertible debenture (net of fees)	**-**	9,604,237
Cash acquired by credit facility	**-**	31,603,189
Proceeds from issue of common shares for public offering	**-**	11,500,000
Proceeds from issue of common shares for private placements	**5,200,000**	3,300,000
Share issue costs paid	**(216,702)**	(955,648)
Proceeds from exercise of warrants	**-**	2,537,715
Proceeds from exercise of options	**-**	683,250
Lease and loan payments	**(962,486)**	(790,574)
Credit facility principal and interest payments	**(2,406,506)**	(1,741,553)
Net cash provided by financing activities	**1,614,306**	52,406,340
Net change in cash and cash equivalents	**(2,860,091)**	(1,042,319)
Cash and cash equivalents, beginning of period	**5,824,811**	6,867,130
Cash and cash equivalents, end of period	**$ 2,964,720**	$ 5,824,811

DEVERON CORP.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Reserves: Share-based Payments and Shares to be Issued	Reserves: Equity Reserves	Deficit	Equity Component of Convertible Debenture	Accumulated OCI	NCI	Total
Balance, December 31, 2022	**$ 41,007,368**	**$ 4,886,518**	**$ 2,625,569**	**$ (12,966,726)**	**$ (18,487,544)**	**$ 1,740,090**	**$ 480,847**	**$ 24,716,036**	**$ 44,002,158**
Transactions with shareholders:									
Issuance of shares in private placements (note 18(b)(vi)(vii)(viii))	5,200,000	-	-	-	-	-	-	-	5,200,000
Common shares issued pursuant to earnout (note 21)	334,995	-	(292,536)	-	-	-	-	-	42,459
Share issue costs (note 18(b)(vi)(vii)(viii))	(272,018)	55,316	-	-	-	-	-	-	(216,702)
Shares issued for debt (note 18(b)(x))	851,737	-	-	-	-	-	-	-	851,737
Share-based payments (note 19)	-	-	900,841	-	-	-	-	-	900,841
Transactions with shareholders	**$ 6,114,714**	**$ 55,316**	**$ 608,305**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,778,335**
Non-controlling interest	-	-	-	-	119,521	-	-	(119,521)	-
Comprehensive loss for the period	-	-	-	-	(13,701,606)	-	(461,179)	-	(14,162,785)
Balance, June 30, 2023	**$ 47,122,082**	**$ 4,941,834**	**$ 3,233,874**	**$ (12,966,726)**	**$ (32,069,629)**	**$ 1,740,090**	**$ 19,668**	**$ 24,596,515**	**$ 36,617,708**

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

DEVERON CORP.

Consolidated Statements of Changes in Equity (continued)
(Expressed in Canadian Dollars)

		Reserves							
	Share Capital	Warrants	Share-based Payments and Shares to be Issued	Equity Reserves	Deficit	Equity Component of Convertible Debenture	Accumulated OCI	NCI	Total
Balance, December 31, 2021	**$ 18,249,101**	**$ 3,493,540**	**$ 2,601,139**	**$ -**	**$ (9,767,264)**	**$ -**	**$ 101,616**	**$ 1,632,936**	**$ 16,311,068**
Transactions with shareholders:									
Issuance of shares in public offering (note 18(b)(i))	11,500,000	-	-	-	-	-	-	-	11,500,000
Issuance of shares in private placement (note 18(b)(ii)(iii))	3,300,000	-	-	-	-	-	-	-	3,300,000
Warrants issued (note 18(b)(i)(ii))	(2,121,266)	2,121,266	373,375	-	-	-	-	-	373,375
Common shares issued pursuant to acquisitions (note 6)	5,711,676	-	457,500	-	-	-	-	-	6,169,176
Common shares issued pursuant to earnout (note 21)	1,059,035	-	(1,106,826)	-	-	-	-	-	(47,791)
Equity component of convertible debenture (note 16)	-	-	-	-	-	1,740,090	-	-	1,740,090
Share issue costs (note 18(b)(i))	(1,814,677)	859,029	-	-	-	-	-	-	(955,648)
Exercise of warrants (note 18(b)(iv))	3,606,153	(1,068,438)	-	-	-	-	-	-	2,537,715
Exercise of options (note 18(b)(iv))	1,517,346	-	(834,096)	-	-	-	-	-	683,250
Expiry of stock options	-	-	(12,605)	-	12,605	-	-	-	-
Expiry of warrants	-	(518,879)	-	-	518,879	-	-	-	-
Share-based payments (note 19)	-	-	1,147,082	-	-	-	-	-	1,147,082
Transactions with shareholders	**$ 22,758,267**	**$ 1,392,978**	**$ 24,430**	**$ -**	**$ 531,484**	**$ 1,740,090**	**$ -**	**$ -**	**$ 26,447,249**
Equity reserve	-	-	-	(12,966,726)	-	-	-	-	(12,966,726)
Non-controlling interest - pursuant to acquisition (note 6(b))	-	-	-	-	-	-	-	23,905,362	23,905,362
Non-controlling interest - pursuant to acquisition	-	-	-	-	-	-	-	(1,646,827)	(1,646,827)
Non-controlling interest	-	-	-	-	(677,859)	-	-	824,565	146,706
Comprehensive loss for the period	-	-	-	-	(8,573,905)	-	379,231	-	(8,194,674)
Balance, December 31, 2022	**$ 41,007,368**	**$ 4,886,518**	**$ 2,625,569**	**$ (12,966,726)**	**$ (18,487,544)**	**$ 1,740,090**	**$ 480,847**	**$ 24,716,036**	**$ 44,002,158**

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

1. Nature of operations 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 stock symbol on the CSE "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 provides scalable data acquisition solutions in the imagery and soil space.

Effective in 2023, the Company changed its financial year-end from December 31 to June 30, 2023 to better align its financial reporting calendar with industry peers and facilitate the investment community's ability to compare its financial performance. The change in year-end resulted in the Company's filing a one-time, six-month transition year covering the period of January 1, 2023 to June 30, 2023. The information presented in these consolidated financial statements is for the six-months ended June 30, 2023, compared to the twelve months ended December 31, 2022.

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue its 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 consolidated financial statements.

As at June 30, 2023, the Company had an accumulated deficit of $32,069,629 (December 31, 2022 - $18,487,544). Net loss for the six months ended June 30, 2023 was $13,701,606 (twelve months ended December 31, 2022 - $8,573,905). In addition, as at June 30, 2023, the Company had a working capital deficit of $4,782,626 (December 31, 2022 – $1,354,968) and negative cash flow from operations of $2,609,544 for the six months ended June 30, 2023 (twelve months ended December 31, 2022 - $9,998,105). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

The Company has raised funds throughout the prior and current fiscal years and has utilized these funds for 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended June 30, 2023. The policies set out below are based on IFRS issued and outstanding as of October 26, 2023, the date the Directors approved the statements.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL").

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the accounting estimates and judgments used in the recognition and measurement of items included in note 2(r).

(c) Functional and presentation currency

Translation of foreign operations
The Company’s functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company’s subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. The parent company and its Canadian subsidiaries have a functional currency of the Canadian dollar (CAD), and the Company's US subsidiaries have a functional currency that is the United States dollar (USD).

For the purposes of consolidation, assets and liabilities of subsidiaries with a functional currency other than the Canadian dollar are translated into the Canadian dollar presentation currency at the exchange rate in effect at the reporting period end. Revenues and expenses of these subsidiaries are translated at the average exchange rate of the month of the transaction, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Unrealized gains or losses on translation of these subsidiaries are recognized in other comprehensive loss until the disposal of the foreign operation, when all of the accumulated exchange differences in respect of that operation are reclassified to net loss.

Foreign currency transactions
Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities not denominated in the functional currency are translated at the period end rates of exchange. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses are recognized in net loss for the period.

2. Significant accounting policies (continued)

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(e) Financial instruments

Financial assets within the scope of IFRS 9 - Financial Instruments ("IFRS 9") are classified in the following measurement categories: amortized cost, FVTPL, or fair value through other comprehensive income ("FVTOCI"). Financial liabilities are classified in the following measurement categories: amortized cost or FVTPL.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

Financial assets

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument, using trade date accounting. Financial assets are derecognized when contractual rights have expired, or when substantially all of the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired. All financial instruments are initially measured at fair value adjusted for transaction costs (where applicable), with the exception of trade receivables that do not contain a significant financing component, which are measured at the transaction price.

Financial assets are classified as either FVTPL, FVTOCI or amortized cost. The classification is determined based on the Company’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company has no financial assets measured at FVTPL or FVTOCI.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are recorded initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Interest and realized gains or losses are included in the consolidated statements of loss and comprehensive loss.

The Company has classified cash and cash equivalents, accounts receivable and due from related parties as financial assets at amortized cost.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

Financial liabilities

Financial liabilities are initially classified as subsequently measured at amortized cost or financial liabilities at FVTPL. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs, unless designated as a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method, except for derivatives and financial liabilities for which the Company has elected to measure at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges are included within interest expense.

Financial liabilities are derecognized when they are extinguished or there is a substantial modification of the terms of an existing financial liability. The difference between the carrying amount of the financial liability extinguished and consideration paid, or financial liability assumed, is recognized in profit or loss.

The Company's financial liabilities, which are classified and measured at amortized cost, include accounts payable, accrued and other current liabilities, promissory notes, loans payable, convertible debenture, borrowings under credit facility and deferred consideration. Financial liabilities classified and measured at FVTPL include the contingent consideration liability and the NCI put obligation.

Impairment of financial assets

Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred as at the consolidated statements of financial position dates. These financial assets include financial assets measured at amortized cost. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime ECLs taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments with an original maturity of 90 days or less.

	Six Months Ended June 30, 2023	Twelve Months Ended December 31, 2022
Cash	**$ 2,914,720**	$ 5,774,811
Cash equivalents	**50,000**	50,000
Cash and cash equivalents	**$ 2,964,720**	$ 5,824,811

2. Significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the net loss for the period.

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Equipment	2-5 years
Drones	2-3 years
Vehicles	3-4 years
Building	25-35 years

At each financial reporting date the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss.

(h) Impairment of intangible assets and goodwill

The carrying amount of the Company’s non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, or when annual impairment testing for an asset is required, as is the case for goodwill and indefinite-life intangible assets, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit ("CGU”) exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss cannot be reversed to an amount higher than the original carrying amount of the asset. Impairment losses on goodwill cannot be reversed.

2. Significant accounting policies (continued)

(i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Share-based payment transactions

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of the equity instruments that will ultimately vest. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be satisfied, such that the amount ultimately recognized is based on the number of awards that ultimately vest.

The fair value of the share-based payments granted is measured using the Black Scholes option pricing model, at the grant date, taking into account the terms and conditions upon which the share-based payments were granted.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2. Significant accounting policies (continued)

(k) 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. If a Company's share of losses of an associate or a joint venture equals, or exceeds its interest in the associate or joint venture, the Company discontinues recognizing its share of further losses. After the Company's interest is reduced to $Nil, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. 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 12 for details of investments where the Company exerts significant influence.

(l) 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. Other intangibles is comprised of brand, non-compete, permits and patent costs.

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	5-10 years
Customer lists	5-10 years
Other Intangibles	5-10 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, on a prospective basis.

2. Significant accounting policies (continued)

(l) Intangible assets (continued)

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 net loss when the asset is derecognized.

The Company records acquired intangible assets on our consolidated statement of financial position at fair value on the date of acquisition. The Company capitalizes intangible assets when the economics benefits associated with the assets are probable, and when the cost can be measured reliably. The Company estimates useful life based on the nature of the asset, historical experience, and the projected period of expected future economic benefits to be provided by the asset. In subsequent reporting periods, the Company measures such intangible assets at cost less accumulated amortization and accumulated impairment losses, if any.

Other intangibles includes brand and non-compete agreements arising from acquisitions, as well as patents and other intellectual property. The Company reviews our estimates of residual values, useful lives and the methods of amortization at year end and, if required, adjust for these prospectively.

(m) 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 loss.

(n) Revenue from contracts with customers

<u>Revenue recognition policy</u>
Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer.

The Company generates revenue by providing data collection and analytics services to the agricultural industry in Canada and the United States. Revenue generated from data analytics are based on digital recommendations and data interpretations and may lead to improved efficiencies in inputs or outcomes. Revenue generated from data collection, such as soil sampling, drone data etc., is based on the collection of on-farm data through the Company's network of soil sampling, drone and data technicians.

2. Significant accounting policies (continued)

(n) Revenue from contracts with customers (continued)

Performance obligation
Revenue generated from providing data collection and analysis services is recognized as revenue in the period in which the data is delivered. At this point the Company has no further performance obligations to the client. Where payment is received in advance of delivering the data, the amount received is recognized as deferred revenue.

Variable consideration
The nature of the Company's business does not give rise to variable consideration that would otherwise decrease the transaction price which would reduce revenue.

(o) Leases and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

(p) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years.

(q) Government grants and assistance

Grants and subsidies are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Fair value signifies the amount received in cash. The grants and subsidies are presented in operating income within the consolidated statements of loss.

2. Significant accounting policies (continued)

(r) Critical accounting estimates and judgments

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Judgements

i) Determination of functional currency

Foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that the entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour, material and other costs for each consolidated entity.

ii) Determination of CGUs for the purpose of impairment tests

The determination of CGUs for the purposes of impairment testing requires judgement when determining the lowest level for which there are separately identifiable cash inflows generated by a group of assets. In identifying assets to group into CGUs, the Company considers how the operations of each of its subsidiaries generate cash flows and how management monitors the entity's operations. The determination of CGUs could affect the results of impairment tests and the amount of the impairment charge, if any, recorded in the consolidated financial statements.

iii) NCI put obligation

The NCI put obligation is recorded at the present value of the redemption amount. In estimating the redemption amount, the Company considers A&L Canada Laboratories East, Inc. ("A&L")'s earnings before interest, taxes, depreciation and amortization ("EBITDA"), the time value of money and the market rate of interest. Management basis its assumptions on observable data to the extent possible; however, observable data is not always available. In that case, management uses the best information available. Refer to note 5 for further information.

Estimates

Recovery of accounts receivable - the Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

Impairment of property, plant and equipment, right-of-use assets and intangible assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

Impairment of goodwill - goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. The recoverable value of a CGU is determined from internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates, discount rates and terminal multiples. Management is required to use judgment in estimating the recoverable value of a CGU or a group of CGUs. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill. Management has assessed that the assumptions and estimates used are reasonable.

2. Significant accounting policies (continued)

(r) Critical accounting estimates and judgments (continued)

Estimates (continued)

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including the forfeiture rate and expected life of the instruments.

Useful lives of property, plant and equipment and right-of-use assets - management is required to estimate the useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed.

Business combinations - In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management also exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

2. Significant accounting policies (continued)

(s) Non-controlling interest

Non-controlling interest represents the minority shareholders' interest in the Company's less than wholly-owned subsidiary. On initial recognition, non-controlling interest is measured at its proportionate share of the acquisition-date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interest for the minority shareholders' share of changes to the subsidiary's equity. Changes in the Company's ownership interest that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

(t) Recently adopted accounting standards and Future accounting pronouncements

Certain new accounting standards and amendments have been adopted as of January 1, 2023, with no material implications to the Company's financial statements. Additionally, certain pronouncements have been issued by the IASB but are not yet effective. The Company has determined there are no material implications to the Company's financial statements arising from IFRS standards issued but not yet effective.

3. Capital risk management

The Company includes shareholders' equity, comprising issued share capital, reserves, equity component of convertible debenture, equity reserves, reserves, accumulated other comprehensive income and deficit, in the definition of capital, which as at June 30, 2023, totaled an equity of $12,021,193 (December 31, 2022 - $19,286,122).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development costs and devote resources to identifying and commercializing new services and fund acquisitions. To secure the additional capital necessary to continue with its activities, the Company may attempt to raise additional funds through the issuance of debt or equity.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's objective, process, policies and approach to capital management during the period ended June 30, 2023 and year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

(Expressed in Canadian Dollars)

4. Financial instruments and risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash is held with Canadian chartered banks and US banks, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada and trade receivable. Sales tax receivable are in good standing as of June 30, 2023. Management believes that the credit risk with respect to these amounts receivable is minimal. As at June 30, 2023, the provision for expected credit losses is $223,616 (December 31, 2022 - $252,341). Please see note 7.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company currently generates cash flow from its operating and financing activities. As at June 30, 2023, the Company had cash and cash equivalents of $2,964,720 (December 31, 2022 - $5,824,811) to settle current liabilities of $13,401,549 (December 31, 2022 - $15,226,577).

The Company is obligated to the following contractual maturities of undiscounted cash flows as at June 30, 2023:

	Carrying amount	Contractual cash flows	2024	2025	2026	2027	2028	Thereafter
Accounts payable	$ 2,686,066	$ 2,686,066	$ 2,686,066	$ -	$ -	$ -	$ -	$ -
Accrued and other current liabilities	2,082,416	2,082,416	2,082,416	-	-	-	-	-
Borrowings under credit facility	29,715,557	29,715,557	2,730,000	2,730,000	24,255,557	-	-	-
Deferred and contingent consideration	1,689,237	1,689,237	1,689,237	-	-	-	-	-
Promissory notes	4,926,600	4,926,600	4,926,600	-	-	-	-	-
Loans payable	867,092	867,092	-	236,580	212,654	417,858	-	-
Convertible debentures	8,521,667	8,521,667	-	-	8,521,667	-	-	-
Lease liabilities	3,651,389	3,651,389	1,509,915	1,414,252	727,222	-	-	-
Total	$ 54,140,024	$ 54,140,024	$15,624,234	$4,380,832	$33,717,100	$417,858	$ -	$ -

The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtains its financing through the debt and equity markets. Negative trends in the general equity market can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating activities, the Company might not be able to continue as a going concern entity.

4. Financial instruments and risk factors (continued)

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

The Company's current policy is to invest surplus cash in high yield savings accounts with Canadian chartered banks with which it keeps its bank accounts. As at June 30, 2023, the Company did not have any surplus cash in high yield savings accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks and US banks. The Company is exposed to interest rate risk through its loans payable, borrowings under credit facility, promissory notes and convertible debentures.

(ii) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar. Certain of the Company's revenues and expenses are incurred in USD and are therefore subject to gains and losses due to fluctuations against the functional currency.

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the CAD and the USD, being the functional currency of its Unites States subsidiaries. The Company does not hedge its net investment in its US subsidiaries and the related foreign currency translation of its earnings.

(iii) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company’s loss due to movements in individual equity prices or general movements in the stock market.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts receivable and accounts payable and other liabilities that are denominated in USD. As at June 30, 2023, had the USD weakened/strengthened by 10% against the CAD with all other variables held constant, the Company’s consolidated statements of comprehensive loss for the period ended June 30, 2023 would have been approximately $332,328 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at June 30, 2023, shareholders' equity would have been approximately $258,318 higher/lower had the USD weakened/strengthened by 10% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

5. Fair value measurements

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(Expressed in Canadian Dollars)

5. Fair value measurements (continued)

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued and other current liabilities and promissory notes approximate their fair values due to their short terms to maturity. The carrying amount of borrowings under credit facility, loans payable, deferred consideration and convertible debentures are considered to be a reasonable approximation of the fair value as June 30, 2023.

The following table provides information about how the fair values of the Company's financial instruments as at June 30, 2023 and December 31, 2022 are determined:

June 30, 2023

	Level 1	Level 2	Level 3	Total
Contingent consideration	$ -	$ -	$ 318,897	$ 318,897
NCI put obligation	-	-	13,214,336	13,214,336
	$ -	$ -	$ 13,533,233	$ 13,533,233

December 31, 2022

	Level 1	Level 2	Level 3	Total
Contingent consideration	$ -	$ -	$ 1,355,703	$ 1,355,703
NCI put obligation	-	-	9,917,750	9,917,750
	$ -	$ -	$ 11,273,453	$ 11,273,453

The fair value of the NCI put obligation liability was determined using a discounted cash flow method based on 7 times the estimated EBITDA of A&L at the date of exercise, then multiplied by the 33.2% non-controlling interest (note 6(b)). A discount rate of 15% was used to determine the present value of the liability, which represents the Company's estimated weighted average cost of capital. In determining the present value of the obligation on the date of acquisition, May 20, 2022 (the "Closing Date"), management used the EBITDA on the Closing Date multiplied by 7 and applied that to the NCI percentage, which reflects the best estimate of the amount of the obligation under the put/call option in accordance with the provisions of IFRS 9. The fair value of the NCI put obligation at May 20, 2022 was $12,996,726.

The key observable input into the valuation of the NCI put obligation was the discount rate and the key unobservable inputs were the Company-determined weighted average cost of capital, A&L EBITDA and the probability of EBITDA exceeding the minimum threshold.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

Balance as of December 31, 2022	$ 1,622,017
Acquired through business combination	$ 12,996,726
Change in fair value of NCI put obligation	(3,078,976)
Change in fair value of contingent consideration	(266,314)
Balance as of December 31, 2022	$ 11,273,453
Acquired through business combination	$ -
Change in fair value of NCI put obligation	3,296,586
Change in fair value of contingent consideration	(1,036,806)
Balance as of June 30, 2023	**$ 13,533,233**

The NCI put obligation is subsequently re-measured based on the present value of the trailing twelve-month EBIDTA multiplied by 7. The Company recognized a revaluation loss related to the NCI put obligation of $3,296,586 during the period ended June 30, 2023. This revaluation loss was a result of the increase in EBITDA within A&L.

5. Fair value measurements (continued)

The contingent consideration was initially recognized as part of various business combinations and is re-measured based on the estimates noted within each purchase agreement. The Company recognized a revaluation gain related to the contingent consideration of $547,317 during the period ended June 30, 2023. The change in fair value of contingent consideration is comprised of shares issued and cash payments related to settlements, as well as the revaluation gain noted previously. Refer to note 15 for more information.

The Company has not offset financial assets with financial liabilities.

Agri-Labs, Inc. ("Agri-Labs")
The purchase agreement included an EBITDA-based earnout for the April 1, 2022 to Mar 31, 2023 period, calculated as 50% of the excess EBITDA generated in comparison to April 1, 2021 to March 31, 2022. Half of the earnout was paid in shares, and half was paid in cash. Payment is due within 30 days of the seller’s acceptance of the earnout notice. Management recorded contingent consideration equal to $24,240 based on the most likely scenario of the acquisition achieving a target of 20% year-over-year revenue growth. As of June 30, 2023, $15,517 (December 31, 2022 - $24,240) has been recorded within contingent consideration.

Frontier Labs Inc. ("Frontier")
The purchase agreement includes an EBITDA-based earnout for the October 27, 2022 to December 31, 2022 period, calculated as 100% of the EBITDA generated by Frontier during that time (“2022 earnout”). Deveron estimated the EBITDA during this period to be equal to $270,880 and recorded a liability within contingent consideration. On March 28, 2023, the Company paid Frontier the 2022 earnout in full totaling $240,650. The purchase agreement also includes an EBITDA-based earnout for the twelve months-ended December 31, 2023 (“2023 earnout") and December 31, 2024 (2024 earnout”), calculated as 50% of the excess EBITDA generated during the twelve-months, in comparison to the prior period. Half of the earnout is payable in shares, and half is to be paid in cash. Payment is due within 30 days of the seller’s acceptance of the earnout notice. Management recorded contingent consideration equal to $210,530 based on the most likely scenario of the acquisition achieving a target of 20% year-over-year revenue growth during 2023 and 2024. As of June 30, 2023, $318,897 (December 31, 2022 - $481,410) has been recorded within contingent consideration for the 2022, 2023, and 2024 earnouts.

FD Agro Technologies LLC (“Farm Dog”)
The purchase agreement includes an earnout issuable in USD$100,000 common shares in the event that Farm Dog adds 3,000,000 unique active acres within 3 years of the closing date (Feb 19, 2024). The purchase agreement includes a revenue-based earnout for the period ending December 31, 2022 in the event that Farm Dog generates an additional $5 million in revenue (“Revenue earnout”). If achieved, up to a USD $250,000 earnout is payable in shares, and up to a USD $250,000 earnout is to be paid in cash based on the achievement of certain milestones. Payment is due within 30 days of the seller’s acceptance of the earnout notice. Management recorded contingent consideration equal to $ based on the most likely scenario of the acquisition achieving a target of 20% year-over-year revenue growth. As of June 30, 2023, $nil (December 31, 2022 - $650,582) has been recorded within contingent consideration.

Stealth Ag, Inc. ("Stealth Ag")
The purchase agreement includes a USD $80,000 and USD $100,000 revenue-based earnout based on the achievement of USD $1M and $1.25M gross revenue on the first and second anniversary of the May 26, 2021 acquisition date (“2022 earnout” and “2023 earnout”). Half of each earnout is payable in shares, and half is to be paid in cash. There also is an acres-based earnout “2023 onboarding earnout”) based on the onboarding of 400,000 acres during the two year period following the 2023 earnout, equal to USD $90,000 of common shares. On July 27, 2022, Stealth Ag received USD $140,000 of common shares and $40,000 cash payment for achieving its revenue milestones. As of June 30, 2023, $66,200 (December 31, 2022 - $192,677) has been recorded within contingent consideration for the remaining 2023 earnout and onboarding earnout.

(Expressed in Canadian Dollars)

6. Acquisitions

(a) Acquisition of Agri-Labs

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

The Acquisition was undertaken as it drives Deveron forward on its mission to vertically integrate the soil collection and analysis process.

The acquisition of Agri-Labs closed on March 10, 2022 and was accounted for as a business combination under IFRS 3 - Business Combinations (“IFRS 3”).

As consideration for the Acquisition, Deveron has:
(i) Paid Agri-Labs an initial cash payment of USD $420,000 upon signing of the Definitive Agreement, and agreed to pay USD $210,000 on each of the first two anniversaries of the signing of the definitive agreement, and
(ii) Issued 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		
Cash payment	$	546,483
Issuance of 375,000 common shares upon closing (i)		228,750
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 8)		274,260
Intangible assets (note 11)		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 15 for accretion on cash-settled earnouts.

The excess of the purchase price over the net identifiable assets acquired and the liabilities assumed resulted in goodwill of $822,900, which is largely attributable to the assembled workforce acquired and the synergies from combining operations. Goodwill is not deductible for tax purposes.

(Expressed in Canadian Dollars)

6. Acquisitions (continued)

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

On May 20, 2022, the Company acquired a 67% equity interest in 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.

This Acquisition was transformational for Deveron. Combining Deveron and A&L establishes one of the only fully vertically integrated agriculture data companies in the market. This also aligns with the vision of the Company to be North America's leader in lab and agronomist services,

The acquisition of A&L closed on May 20, 2022 and has been accounted for as a business combination under IFRS 3.

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 interest at a rate of 7% per annum. The principal and any accrued and unpaid interest owing are due in full on May 20, 2023 (balance still outstanding as of June 30, 2023);
(iii) Issued such number of common shares in the capital of the company equal to $5,338,391 at a price of $0.39 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)		5,338,391
Deferred cash consideration		4,926,600
Total consideration	$	48,098,741

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		1,480,072
Property, plant and equipment (note 8)		11,561,647
Right-of-use assets (note 9)		1,092,352
Goodwill		44,796,104
Intangible assets (note 11)		20,828,000
Liabilities assumed (iii)		(6,453,550)
Deferred income taxes liability		(6,436,519)
Non-controlling interest		(23,905,362)
NCI put obligation		(12,966,726)
Equity reserves		12,966,726
A&L net assets acquired net of liabilities assumed (ii)	$	48,098,741

(i) For the purpose of determining the value of the purchase price consideration, the 13,688,182 common shares were valued at $0.39 per share in accordance with the closing share price on May 20, 2022.

(Expressed in Canadian Dollars)

6. Acquisitions (continued)

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

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

The excess of the purchase price over the net identifiable assets acquired and the liabilities assumed resulted in goodwill of $44,796,104, which is largely attributable to the assembled workforce acquired and the synergies from combining operations. Goodwill is not deductible for tax purposes.

The Company expensed $1,050,506 of acquisition-related costs in 2022 related to this transaction. These costs have been classified as professional fees on the consolidated statements of loss and comprehensive loss.

(c) Acquisition of Frontier Labs Inc.

On October 27, 2022, the Company entered into a definitive agreement ("Definitive Agreement") to acquire the assets of Frontier a leading soil lab and agronomy company based in Iowa that services Iowa and Minnesota (the "Acquisition").

The Acquisition continues Deveron's strategy to vertically integrate the soil collection and analysis process within its ecosystem, while adding important local relationships in one of the United States largest agricultural regions.

The acquisition of Frontier closed on October 27, 2022 and has been accounted for as a business combination under IFRS 3.

As consideration for the Acquisition, Deveron has:
(i) Paid Frontier an initial cash payment of USD $825,000 upon closing of the Acquisition;
(ii) Issued further payments in the aggregate of USD $412,500 on each of the first two anniversaries on the closing date of the Acquisition (the "Closing Date");
(iii) Issued 746,570 common shares in the capital of the Company upon receipt of the final approval of the Acquisition; and
(iv) Issue 373,285 common shares at a price of $0.50 per common share on each of the first two anniversaries following the signing of the Definitive Agreement.

The allocation of the purchase price is as follows:

Purchase price allocation		
Cash payment	$	1,128,967
Issuance of 746,570 common shares upon closing (i)		373,375
Deferred cash consideration		1,128,967
Additional 746,570 common shares to be issued (i)		373,375
Contingent consideration (earnout) (ii)		482,333
Total consideration	$	3,487,017

Allocation of purchase price		
Property, plant and equipment (note 8)	$	367,466
Goodwill		1,871,731
Intangible assets (note 11)		1,247,820
Frontier net assets acquired net of liabilities assumed (ii)	$	3,487,017

(Expressed in Canadian Dollars)

6. Acquisitions (continued)

(c) Acquisition of Frontier Labs Inc. (continued)

(i) For the purpose of determining the value of the purchase price consideration, the 746,570 common shares were valued at $0.50 per share in accordance with the October 27, 2022 share purchase agreement and in accordance with the closing share price on October 27, 2022.

(ii) The earnout (cash-settled) has a fair value of $482,333 as of the date of acquisition and was recorded as "deferred and contingent consideration". Refer to note 15 for accretion on cash-settled earnouts.

The excess of the purchase price over the net identifiable assets acquired and the liabilities assumed resulted in goodwill of $1,871,731, which is largely attributable to the assembled workforce acquired and the synergies from combining operations. Goodwill will not be deductible for tax purposes.

7. Accounts receivable

	As at June 30, 2023	As at December 31, 2022
Accounts receivable	**$ 4,511,140**	$ 6,746,980
Allowance for expected credit losses	**(223,616)**	(252,341)
	$ 4,287,524	$ 6,494,639

The following is an aged analysis of the accounts receivable:

	As at June 30, 2023	As at December 31, 2022
1 to 60 days	**$ 3,615,391**	$ 5,537,138
60 to 90 days	**253,081**	501,117
Greater than 90 days	**419,052**	456,384
Total accounts receivable	**$ 4,287,524**	$ 6,494,639

8. 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	2,552,221	1,977,413	-	962,104	5,491,738
Dispositions	(15,770)	-	-	(60,769)	(76,539)
Additions pursuant to the acquisitions (note 6)	4,073,762	7,625,157	-	506,037	12,204,956
Foreign exchange	141,520	-	-	59,605	201,125
Balance, December 31, 2022	**8,459,877**	**9,602,570**	**482,223**	**1,788,529**	**20,333,199**
Additions	584,208	554,605	-	-	1,138,813
Dispositions	(26,970)	-	-	-	(26,970)
Foreign exchange	(73,460)	(7,441)	-	(22,777)	(103,678)
Balance, June 30, 2023	**$ 8,943,655**	**$ 10,149,734**	**$ 482,223**	**$ 1,765,752**	**$ 21,341,364**

(Expressed in Canadian Dollars)

8. Property, plant and equipment (Continued)

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	1,076,655	137,923	-	339,220	1,553,798
Foreign exchange	33,429	-	-	9,045	42,474
Balance, December 31, 2022	**1,549,615**	**137,923**	**482,223**	**385,040**	**2,554,801**
Depreciation	567,453	127,007	-	282,156	976,616
Foreign exchange	(24,792)	(118)	-	(8,896)	(33,806)
Balance, June 30, 2023	**$ 2,092,276**	**$ 264,812**	**$ 482,223**	**$ 658,300**	**$ 3,497,611**

CARRYING AMOUNT	Equipment	Land and building	Drones	Vehicles	Total
Balance, December 31, 2022	**$ 6,910,262**	**$ 9,464,647**	**$ -**	**$ 1,403,489**	**$ 17,778,398**
Balance, June 30, 2023	**$ 6,851,379**	**$ 9,884,922**	**$ -**	**$ 1,107,452**	**$ 17,843,753**

During the six months ended June 30, 2023, the Company sold vehicles and equipment for cash proceeds of $107,487 (twelve months ended December 31, 2022 - $212,163) which resulted in a gain on disposition of property, plant and equipment of $80,517 (twelve months ended December 31, 2022 - $181,326).

9. Right-of-use assets

COST	Vehicles	Equipment	Total
Balance, December 31, 2021	**$ 2,088,992**	**$ 124,776**	**$ 2,213,768**
Additions	2,264,110	413,199	2,677,309
Additions from acquisitions (note 6)	-	1,092,352	1,092,352
Disposals	(60,803)	-	(60,803)
Foreign exchange and other	139,053	125,453	264,506
Balance, December 31, 2022	**4,431,352**	**1,755,780**	**6,187,132**
Additions	-	191,744	191,744
Foreign exchange and other	(81,415)	(125,452)	(206,867)
Balance, June 30, 2023	**$ 4,349,937**	**$ 1,822,072**	**$ 6,172,009**

ACCUMULATED DEPRECIATION	Vehicles	Equipment	Total
Balance, December 31, 2021	**$ 374,015**	**$ 57,189**	**$ 431,204**
Disposals	(105,085)	-	(105,085)
Depreciation	821,371	199,827	1,021,198
Foreign exchange	35,183	-	35,183
Balance, December 31, 2022	**1,125,484**	**257,016**	**1,382,500**
Depreciation	597,797	224,125	821,922
Foreign exchange	(47,929)	(125,453)	(173,382)
Balance, June 30, 2023	**$ 1,675,352**	**$ 355,688**	**$ 2,031,040**

(Expressed in Canadian Dollars)

9. Right-of-use assets (continued)

CARRYING AMOUNT	Vehicles	Equipment	Total
Balance, December 31, 2022	**$ 3,305,868**	**$ 1,498,764**	**$ 4,804,632**
Balance, June 30, 2023	**$ 2,674,585**	**$ 1,466,384**	**$ 4,140,969**

Vehicles and equipment are depreciated over 24 to 48 months.

10. Goodwill

Balance, December 31, 2022	**$ 54,016,601**
Foreign exchange	(155,282)
Balance, June 30, 2023	**$ 53,861,319**

Balance, December 31, 2021	**$ 6,221,210**
Addition Agri-Lab (note 6(a))	822,900
Addition A&L (note 6(b))	44,796,104
Addition Frontier (note 6(c))	1,871,731
Foreign exchange	304,656
Balance, December 31, 2022	**$ 54,016,601**

Impairment testing for CGUs containing goodwill

At acquisition, goodwill is allocated to the CGU or group of CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises. The Company has determined that the group of CGUs that will benefit from the synergies of the business combinations are its data collections services sector and data analytics sector.

The required annual impairment test is completed in December of every fiscal year. During the period ended June 30, 2023, management assessed and determined that there were no indicators of impairment. Therefore a comprehensive and quantitative impairment test was not completed for the period ended June 30, 2023.

At December 31, 2022, the recoverable amount of the Company was calculated based on its value-in-use, determined using the income approach based on discounted cash flows projected over a period of five years. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

Key assumptions

	Data collections CGU	Data analytics CGU
Growth rates	20%	20%
Gross margin	65%	75%
EBITDA margin	20%	30%
Discount rate	18%	18%

(Expressed in Canadian Dollars)

10. Goodwill (continued)

Growth rates, gross margin and EBITDA margin

The assumptions around the Company's revenue growth rates, gross margin, and EBITDA margin were based on management's best estimates, considering historical and expected operating plans, strategic plans, economic considerations, and the general outlook for the industry and markets in which the Company operates.

Discount rate

The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the Company.

Sensitivity to changes in assumptions

The Company's recoverable amount was determined to be more than its carrying amount. No reasonable changes to the key assumptions resulted in a recoverable amount below the carrying amount.

11. Intangible assets

COST	**Software technologies**	**Customer list**	**Other intangibles**	**Total**
Balance, December 31, 2021	**$ -**	**$ 2,789,160**	**$ 1,061,148**	**$ 3,850,308**
Additions	-	-	1,526,467	1,526,467
Additions pursuant to the acquisition (note 6)	5,883,000	10,422,781	6,244,570	22,550,351
Foreign exchange	-	218,785	72,718	291,503
Balance, December 31, 2022	**5,883,000**	**13,430,726**	**8,904,903**	**28,218,629**
Additions	-	-	439,976	439,976
Foreign exchange	-	(97,250)	(54,491)	(151,741)
Balance, June 30, 2023	**$ 5,883,000**	**$ 13,333,476**	**$ 9,290,388**	**$ 28,506,864**

ACCUMULATED AMORTIZATION	**Software technologies**	**Customer list**	**Other intangibles**	**Total**
Balance, December 31, 2021	**$ -**	**$ 163,789**	**$ 107,731**	**$ 271,520**
Amortization	490,250	860,200	905,038	2,255,488
Foreign exchange	-	23,634	17,503	41,137
Balance, December 31, 2022	**490,250**	**1,047,623**	**1,030,272**	**2,568,145**
Amortization	420,216	670,425	699,021	1,789,662
Foreign exchange	-	(15,353)	(14,613)	(29,966)
Balance, June 30, 2023	**$ 910,466**	**$ 1,702,695**	**$ 1,714,680**	**$ 4,327,841**

CARRYING AMOUNT	**Software technologies**	**Customer list**	**Other intangibles**	**Total**
Balance, December 31, 2022	**$ 5,392,750**	**$ 12,383,103**	**$ 7,874,631**	**$ 25,650,484**
Balance, June 30, 2023	**$ 4,972,534**	**$ 11,630,781**	**$ 7,575,708**	**$ 24,179,023**

(Expressed in Canadian Dollars)

12. Investment in associate

As at June 30, 2023, A&L, the Company's 67% owned subsidiary (note 6(b)) held a 50% interest in A&L Biological Inc. ("Biological"). Management determined that the Company has significant influence over A&L Biological Inc and accounts for its interest using the equity method.

On initial recognition, management determined that the fair value of its investment in Biological was $Nil and, as such, there was no impact on the consolidated statement of financial position. Biological continued to experience losses in fiscal 2022 and 2023, with those losses being provided for by the Company. No additional liability was recognized as the Company does not have any legal or constructive obligations related to Biological, nor has it made any payments on its behalf. The carrying value of the equity-method at June 30, 2023 is therefore $Nil (December 31, 2022 - $Nil)

In addition, no dividends were received from Biological during the six months ended June 30, 2023 (twelve months ended December 31, 2022 - $nil). A&L Biological Inc is a private company; therefore, no quoted market prices are available for its shares. The Company has no additional commitments relating to A&L Biological Inc.

13. Loans payable

(i) During the six months ended June 30, 2023, the Company applied for and received loan proceeds in the amount of $Nil (twelve months ended December 31, 2022 - $784,900) from John Deere Financial, for the purchase of utility vehicles. During the six months ended June 30, 2023, the Company has repaid $126,327 (twelve months ended December 31, 2022 – $77,883). The balance outstanding as of June 30, 2023 is $644,659 (twelve months ended December 31, 2022 – $770,986). The loan is non-interest bearing and has a term of four years.

(ii) During the six months ended June 30, 2023, the Company has repaid $10,828 (twelve months ended December 31, 2022 - $10,483) to CLE Capital, a lease financing specialist. The balance outstanding as of June 30, 2023 is $94,343 (December 31, 2022 - $51,197). The loan has an interest rate of 8.99% and a term of four years.

Current	$	251,910
Non-current		487,092
Balance, June 30, 2023	**$**	**739,002**

Current	$	251,910
Non-current		562,100
Balance, December 31, 2022	**$**	**814,010**

14. Lease liabilities

Balance, December 31, 2021	**$**	**1,733,148**
Additions		2,677,309
Acquired from acquisition of A&L		1,343,381
Lease payments		(790,574)
Foreign exchange		(494,348)
Balance, December 31, 2022		**4,468,916**
Additions		191,744
Interest expense		75,889
Lease payments		(825,331)
Foreign exchange		(259,829)
Balance, June 30, 2023	**$**	**3,651,389**

(Expressed in Canadian Dollars)

14. Lease liabilities (continued)

Allocated as:		
Current	$	380,000
Non-current		3,271,389
Balance, June 30, 2023	**$**	**3,651,389**

Allocated as:		
Current	$	380,000
Non-current		4,088,916
Balance, December 31, 2022	**$**	**4,468,916**

15. Deferred and contingent consideration

		Contingent Consideration		Deferred Consideration		Total
Balance, December 31, 2021	**$**	**1,622,017**	**$**	**972,213**	**$**	**2,594,230**
Additions pursuant to the acquisitions (note 6)		513,367		1,665,641		2,179,008
Accretion interest expense		53,051		53,629		106,680
Contingent consideration - shares issued		(42,087)		(182,000)		(224,087)
Contingent consideration - cash payout		(876,581)		(822,165)		(1,698,746)
Foreign exchange		85,936		61,976		147,912
Balance, December 31, 2022		**1,355,703**		**1,749,294**		**3,104,997**
Accretion interest expense		3,122		64,924		68,046
Contingent consideration - shares issued		(103,265)		-		(103,265)
Contingent consideration - cash payout		(292,912)		(540,615)		(833,527)
Contingent consideration - reversal (viii)		(547,317)		-		(547,317)
Foreign exchange		(96,434)		96,737		303
Balance, June 30, 2023	**$**	**318,897**	**$**	**1,370,340**	**$**	**1,689,237**

Allocated as:						
Current	$	19,905	$	912,652	$	932,557
Non-current		298,992		457,688		756,680
Balance, June 30, 2023	**$**	**318,897**	**$**	**1,370,340**	**$**	**1,689,237**

(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 6.

(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.

(Expressed in Canadian Dollars)

15. Deferred and contingent consideration (continued)

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

(vi) On February 22, 2023, Farm Dog received 98,040 common shares at $0.64 per share ($62,745) on the two year anniversary.

(vii) On March 10, 2023, Agri-Labs received a $286,295 (USD $210,000) cash payment on the one year anniversary.

(viii) On March 24, 2023, Farm Dog received $103,265 in common shares as consideration relating to a growth earnout. During the period it was determined that Farm Dog did not achieve the $5 million revenue milestone as per the revenue-based earnout. As a result, management revalued the contingent consideration based on the updated expected fair value during the period, and recorded a revaluation gain in the amount of $547,317, which is included in operating expenses (income) within the statement of loss.

(ix) On March 30, 2023, the Company paid Frontier an earnout as additional consideration equal to 100% of the earnings before interest, taxes, depreciation and amortization “EBITDA” generated by the acquired business from October 27, 2022 to December 31, 2022. The actual amount of the EBITDA earnout paid was $244,229 (USD $178,259).

(x) On May 14, 2023, Tana Ag received a $49,180 (USD $37,500) cash payment on the two year anniversary.

(xi) On May 17, 2023, the Company paid Agri-Labs an earnout as additional consideration equal to 25% of the excess amount of earnings before interest, taxes, depreciation and amortization “EBITDA” generated by the acquired business from January 1, 2022 to December 31, 2022, over and above the prior year. The actual amount of the EBITDA earnout paid was $48,703 (USD $36,173).

(xii) On May 30, 2023, Stealth Ag received a $205,140 (USD $150,000) cash payment on the two year anniversary.

16. Convertible Debenture

A continuity of the convertible debenture as at June 30, 2023 is as follows:

Opening balance, December 31, 2022	$	8,525,067
Repayment of interest		(701,050)
Accretion		697,650
Carrying value, June 30, 2023	**$**	**8,521,667**

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. The Company issued 10,015 Debentures, each with a principal amount $1,000. The Debentures mature 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 Debentures 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.

(Expressed in Canadian Dollars)

16. Convertible Debenture (continued)

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 the liability component is measured at amortized cost after initial recognition. The fair value of the equity component as of June 30, 2023 is $1,740,090. Accretion and interest on the debentures are included in interest expense in the consolidated statements of loss and comprehensive loss. No embedded derivative and no fair value has been recalculated as of June 30, 2023.

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 $488,506 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.

17. 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 7.7% for the current quarter. As at June 30, 2023, the Company owed $29,715,557 (December 31, 2022 - $30,238,189). These credit facilities have certain financial and non-financial covenants. The Company is in compliance with all covenants as of June 30, 2023 and December 31, 2022.

On May 15, 2023, the Company partially amended its $32,300,000 credit facility with TD, to issue a new 25-year mortgage for $6,800,000 on the properties associated with A&L. The mortgage is secured by the underlying properties, which were assessed by the lender as having a value in excess of the principal on the date the mortgage was issued. The $6,800,000 mortgage was used to reduce the 10-year, $32,300,000 credit facility used to acquire A&L, reducing quarterly principal and interest payments.

Balance, December 31, 2021	**$**	**-**
Pursuant to acquisition		28,300,000
Additions		3,303,189
Principal repayments		(1,365,000)
Balance, December 31, 2022	**$**	**30,238,189**
Additions		695,368
Principal repayments		(1,218,000)
Balance, June 30, 2023	**$**	**29,715,557**
Allocated as:		
Current	$	2,142,000
Non-current		27,573,557
Balance, June 30, 2023	**$**	**29,715,557**

18. 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.

(Expressed in Canadian Dollars)

18. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2022	**136,421,107**	**$ 41,007,368**
Private placements (vi) (vii) (viii)	16,774,194	5,200,000
Broker warrant valuation (vi)	-	(55,316)
Share issue costs (vi) (vii) (viii)	-	(216,702)
Shares issued related to prior year acquisitions (notes 15 and 21)	417,183	334,995
Shares issued related to debt settlement(x)	2,317,940	851,737
Balance, June 30, 2023	**155,930,424**	**$ 47,122,082**

	Number of common shares	Amount
Balance, December 31, 2021	**89,006,602**	**$ 18,249,101**
Public Offering (i)	16,428,573	11,500,000
Private placements (ii)(iii)	6,257,143	3,300,000
Warrant valuation (i)(ii)	-	(2,121,266)
Broker warrant valuation (i)(iii)	-	(859,029)
Share issue costs (i)(iii)	-	(955,648)
Shares issued pursuant to the acquisition of A&L (note 6)	13,688,182	5,338,391
Shares issued pursuant to the acquisition of Agri-Labs (note 6)	750,000	-
Shares issued pursuant to the acquisition of Agri-Labs (note 6)	746,570	373,285
Shares issued pursuant to prior year acquisitions	1,272,782	1,059,035
Exercise of warrants (iv)	5,793,733	3,606,153
Exercise of options (v)	2,477,522	1,517,346
Balance, December 31, 2022	**136,421,107**	**$ 41,007,368**

(i) 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 $0.90 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.

18. Share capital (continued)

b) Common shares issued (continued)

(ii) 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.

(iii) On October 4, 2022, the Company closed a non-brokered private placement of units at a price of $0.50 per common share for gross proceeds of $2,700,000 and a total of 5,400,000 common shares issued.

As consideration for the services provided for the private placement, the agents received a cash commission equal to in the aggregate $77,000 and an aggregate of 154,000 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of $0.50 for a period of two years after the private placement. The 154,000 broker warrants were valued at $32,864 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.50; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 75%; risk-free interest rate - 3.74%; and an expected life - 2 years.

(iv) During the twelve months ended December 31, 2022, 5,098,819 warrants were exercised at a price of $0.45 per unit for gross proceeds of $2,294,469 and 694,644 warrants were exercised at a price of $0.35 per unit for gross proceeds of $243,125.

(v) During the twelve months ended December 31, 2022, 1,980,000 options were exercised at a price of $0.30 per unit for gross proceeds of $519,000, and 1,500,000 options were exercised at a price of $0.365 per unit for gross proceeds of $244,450.

(vi) On May 5, 2023, the Company closed a non-brokered private placement of common shares at a price of $0.31 per common share for gross proceeds of $4,115,000 and a total of 13,274,194 common shares issued. As consideration for the services provided for the private placement, the broker received 451,613 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of $0.31 per warrant for a period of 18 months after closing. The 451,613 compensation warrants were valued at $55,316 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.31; 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 - 18 months.

(vii) On May 5, 2023, the Company closed a non-brokered private placement of common shares at a price of $0.31 per unit for gross proceeds of $914,500 and a total of 2,950,000 common shares issued.

(viii) On May 17, 2023, the Company closed a non-brokered private placement of units at a price of $0.31 per unit for gross proceeds of $170,500 and a total of 550,000 units issued.

(ix) On March 16, 2023, the Company settled an aggregate of $103,265 of indebtedness owed to an arm's length creditor of the Company through the issuance of 295,043 common shares of the Company at a deemed price of $0.35 per common share.

(x) On May 26, 2023, the Company settled an aggregate of $66,275 of indebtedness owed to an arm's length creditor of the Company through the issuance of 220,916 common shares of the Company at a deemed price of $0.30 per common share. The shares issued were related to the Stealth Ag acquisition and related revenue earnout.

(Expressed in Canadian Dollars)

19. Stock options

The following table reflects the continuity of options for the six months ended June 30, 2023 and December 31, 2022:

	Number of options	Weighted average exercise price ($)
Balance, December 31, 2021	**5,705,000**	**0.33**
Granted (i)(ii)(iii)(iv)	4,393,637	0.624
Forfeited	(25,000)	0.74
Exercised (note 18(b)(v))	(3,480,000)	0.328
Balance, December 31, 2022	**6,593,637**	**0.37**
Granted (vi)(vii)(viii)	4,030,833	0.62
Balance, June 30, 2023	**10,624,470**	**0.52**

(i) 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 six months ended June 30, 2023, $137,683 (twelve months ended December 31, 2022 - $597,133) was expensed to share-based payments.

(ii) 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 six months ended June 30, 2023, $7,122 (twelve months ended December 31, 2022 - $28,055) was expensed to share-based payments.

(iii) 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 six months ended June 30, 2023, $21,149 (twelve months ended December 31, 2022 - $72,795) was expensed to share-based payments.

(iv) 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 six months ended June 30, 2023, $151,863 (twelve months ended December 31, 2022 - $244,366) was expensed to share-based payments.

19. Stock options (continued)

(v) On November 23, 2022, the Company granted 300,000 stock options to certain officers, directors and employees of the Company. The stock options, at a price of $0.475 per share, will expire in five years from the issue date. A fair value of $104,565 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.48; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 95%; risk-free interest rate - 3.22%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the six months ended June 30, 2023, $14,404 (twelve months ended December 31, 2022 - $37,879) was expensed to share-based payments.

(vi) On December 23, 2022, the Company granted 2,900,000 stock options to certain officers, directors and employees of the Company. The stock options, at a price of $0.43 per share, will expire in five years from the issue date. A fair value of $886,384 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) - 100%; risk-free interest rate - 3.25%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the six months ended June 30, 2023, $422,955 (twelve months ended December 31, 2022 - $nil) was expensed to share-based payments.

(vii) On May 5, 2023, the Company granted 335,000 stock options to certain officers, directors and employees of the Company. The stock options, at a price of $0.33 per share, will expire in five years from the issue date. A fair value of $78,299 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) - 100%; risk-free interest rate - 3.25%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the six months ended June 30, 2023, $26,490 (twelve months ended December 31, 2022 - $nil) was expensed to share-based payments.

(viii) On June 30, 2023, the Company granted 795,833 stock options to certain officers, directors and employees of the Company. The stock options, at a price of $0.30 per share, will expire in five years from the issue date. A fair value of $169,167 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) - 100%; risk-free interest rate - 3.25%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the six months ended June 30, 2023, $56,389 (twelve months ended December 31, 2022 - $nil) was expensed to share-based payments.

(ix) The portion of the estimated fair value of options granted in the prior years and vested during the six months ended June 30, 2023, amounted to $62,786 (twelve months ended December 31, 2022 - $166,854).

(Expressed in Canadian Dollars)

19. Stock options (continued)

Details of the stock options outstanding as at June 30, 2023 are as follows:

Fair value ($)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
336,387	0.55	306,250	1,225,000	0.43	January 15, 2024
152,450	2.65	108,333	325,000	0.64	February 22, 2026
96,323	2.70	58,333	175,000	0.75	March 12, 2026
90,328	2.83	116,667	175,000	0.74	April 27, 2026
162,574	2.99	200,000	300,000	0.80	June 24, 2026
31,596	3.75	35,000	105,000	0.63	March 31, 2027
83,312	4.00	129,546	388,637	0.55	June 29, 2027
45,041	4.56	100,000	300,000	0.48	November 23, 2027
361,569	5.16	966,667	2,900,000	0.43	December 27, 2027
665,593	4.40	533,333	1,600,000	0.75	January 18, 2028
78,299	4.48	111,667	335,000	0.33	May 5, 2028
795,833	4.85	265,278	795,833	0.33	June 30, 2028
319,878	5.01	300,000	2,000,000	0.56	August 26, 2028
3,219,183	2.28	3,231,074	10,624,470	0.52	

20. Warrants

The following table reflects the continuity of warrants for the period ended June 30, 2023 and year ended December 31, 2022:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2022	**17,918,011**	**0.84**
Issued for private placements (note 18(b)(vi))	451,613	0.31
Balance, June 30, 2023	**18,369,624**	**0.84**
Balance, December 31, 2021	**15,801,665**	**0.62**
Issued for public offering (note 18(b)(i))	8,642,859	0.88
Issued for private placement (note 18(b)(ii))	1,304,000	0.79
Issued pursuant to the convertible debenture (note 16)	818,012	0.50
Exercised (note 18(b)(iv))	(5,793,733)	0.44
Expired	(2,854,792)	0.45
Balance, December 31, 2022	**17,918,011**	**0.84**

(Expressed in Canadian Dollars)

20. Warrants (continued)

The following table reflects the warrants issued and outstanding as of June 30, 2023:

Number of warrants outstanding	Fair value ($)	Exercise price ($)	Expiry date
5,698,715	1,481,532	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	0.90	February 25, 2024
428,572	78,979	0.90	March 9, 2024
818,012	488,509	0.50	May 18, 2024
154,000	32,864	0.50	October 4, 2024
451,613	55,316	0.45	November 5, 2024
18,369,624	4,941,834		

21. Shares to be issued

The allocation of the shares to be issued is as follows:

Balance, December 31, 2022	**$**	**844,306**
Shares issued - Farm Dog (ix)		(62,745)
Shares issued - Tana Ag (x)		(45,375)
Shares issued - Stealth Ag (xi)		(184,417)
Balance, June 30, 2023	**$**	**551,769**

Balance, December 31, 2021	**$**	**1,120,257**
Shares issued - Farm Dog		(62,745)
Shares issued - Tana Ag		(45,375)
Shares issued - Stealth Ag		(226,875)
Shares issued - Agronomic		(356,791)
Acquisition - Agri-Labs (note 6(a))		499,960
Shares issued - Agri-Labs (note 6(a))		(457,500)
Acquisition - Frontier (note 6(a))		373,375
Balance, December 31, 2022	**$**	**844,306**

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.

(Expressed in Canadian Dollars)

21. Shares to be issued (continued)

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.

viii. On November 1, 2022, Frontier was issued 746,570 common shares at a price of $0.50 relating to the closing of the November 1, 2022 acquisition, drawing down on the shares to be issued recognized as part of the acquisition. Per the agreement, 746,570 shares were issued and placed in escrow, and will be provided to Frontier on the first and second anniversary of the acquisition date. A total of 1,493,500 shares were issued.

ix. On February 22, 2023, Farm Dog was issued 98,040 common shares at a price of $0.64 on the 2 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

x. On May 16, 2023, Tana Ag was issued 55,335 common shares at $0.82 on the 2 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

xi. On May 26, 2023, Stealth Ag was issued 263,808 common shares at $0.86 on the 2 year anniversary of the acquisition, drawing down on the shares to be issued recognized as part of the acquisition.

22. Net loss per common share

	Six months ended June 30, 2023	**Year ended December 31, 2022**
Loss available to common shareholders	**(13,582,085)**	(9,086,201)
Weighted average number of shares, basic and diluted	**142,087,346**	116,387,677
Basic and diluted loss per share	**(0.10)**	(0.07)

The calculation of basic and diluted loss per share for the six months ended June 30, 2023 were based on the loss attributable to common shareholders of $13,582,085 (twelve months ended December 31, 2022 - net loss of $9,086,201) and the weighted average number of common shares outstanding of 142,087,346 (twelve months ended December 31, 2022 - 116,387,677). Diluted loss per share for the six months ended June 30, 2023, presented did not include the effect of 18,369,624 warrants (twelve months ended December 31, 2022 - 17,918,011 warrants) and 10,624,470 stock options (twelve months ended December 31, 2022 - 6,593,637 stock options) as they are anti-dilutive.

(Expressed in Canadian Dollars)

23. Cost of services

	Six months ended June 30, 2023	Year ended December 31, 2022
Agronomic services and laboratory fees	**$ 1,016,995**	$ 2,208,054
Salaries and benefits	**2,251,663**	3,907,888
Supplies, courier and shipping	**1,443,311**	2,222,975
Software and processing fees	**115,737**	461,093
Travel, training and other costs	**45,274**	171,282
Cost of services	**$ 4,872,980**	$ 8,971,292

24. Income tax

Income Tax Expense

Income tax expense for the period is comprised of the following:

	June 30, 2023	December 31, 2022
Current tax expense	**$ 445,300**	$ 1,075,539
Deferred tax (recovery)	**(325,259)**	(676,343)
Income tax expense	**120,041**	399,196

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	2023	2022
Loss before income tax	**$ (13,581,565)**	$ (8,174,709)
Combined statutory tax rate	**26.50%**	26.50%
Expected income tax recovery	**(3,623,427)**	(2,166,298)
Differences in depreciation and capital cost allowance	**-**	-
Share issue costs recorded in equity	**(46,174)**	(253,247)
Non-deductible share based payment expense	**217,799**	-
Permanent differences and other	**1,379,867**	(704,314)
Change in deferred income tax asset not recognized	**2,191,976**	3,523,055
Income tax expense	**$ 120,041**	$ 399,196

Deferred Income Taxes

The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

Deductible (taxable) temporary differences	June 30, 2023	December 31, 2022
Deferred tax assets:		
Tax loss carry-forwards	**$ 9,408,817**	$ 6,957,204
Non-current assets	**(237,784)**	(157,166)
Share issue costs and other	**639,354**	458,109
Deferred tax assets	**9,810,387**	7,258,147
Tax benefit not recognized	**(9,810,387)**	(7,258,147)
Deferred Tax Asset	$ -	$ -

(Expressed in Canadian Dollars)

24. Income tax (continued)

Deferred Income Taxes (continued)

Deferred tax liabilities:		
Fixed assets	**$ (1,266,925)**	$ (661,121)
Intangibles	**(4,117,342)**	(5,099,055)
Deferred tax liabilities	**$ (5,384,267)**	$ (5,760,176)
Total Deferred Tax Liability	**$ (5,384,267)**	**$ (5,760,176)**

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable in connection with unremitted earnings of subsidiaries, as Deveron Corp. is able to control the timing of the reversal of the differences and it is probable the differences will not reverse in the foreseeable future.

Certain deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As at June 30, 2023, the Company has the unclaimed non-capital losses that expire as follows:

Expires	2031	$ 162,141
	2032	179,063
	2033	323,351
	2034	458,013
	2035	414,332
	2036	664,386
	2037	934,636
	2038	1,556,389
	2039	1,681,966
	2040	1,766,595
	2041	4,581,556
	2042	6,504,002
	2043	5,595,325
		$ 24,821,755

As at June 30, 2023, the Company has unclaimed foreign federal losses of $11,308,350 and state net operating losses of $8,708,495. The Federal net operating losses will carryforward indefinitely and state net operating losses begin to expire in 2043.

25. Shareholder and related party transactions

Shareholder

At June 30, 2023, 2736130 Ontario Inc. owned and/or exercised control over 13,688,182 common shares (December 31, 2022 - 13,688,182 common shares) of Deveron, representing approximately 8.8% (December 31, 2022 - 10.0%) of the issued and outstanding common shares of the Company. The remaining 91.2% (December 31, 2022 - 90.0%) of the shares are widely held, which includes various holdings owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

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

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than 2736130 Ontario Inc., which owns or controls, directly or indirectly, approximately 8.8% (December 31, 2022 - 10.0%) 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.

(Expressed in Canadian Dollars)

25. Shareholder and related party transactions (continued)

Shareholder (continued)

As of June 30, 2023, the Company has a short term loan due from a related party in the amount of $584,158 owed to them from a shareholder of the Company. This loan is non-interest bearing and is due on demand.

Marrelli Group of Companies

During the six months ended June 30, 2023, the Company incurred professional fees of $125,161 (twelve months ended December 31, 2022 - $95,442) to a group of companies of which Carmelo Marrelli was Managing Director. As of June 30, 2023, Mr. Marrelli was 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, 2023, the group of companies was owed $10,721 (December 31, 2022 - $5,217) and this amount is included in accounts payable and accrued and other liabilities.

Related party transactions

During the six months ended June 30, 2023, the Company also incurred legal fees of $62,915 (twelve months ended December 31, 2022 - $129,513) 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, 2023 accounts payable, accrued and other liabilities is $49,661 due to Irwin Lowy LLP (December 31, 2022 - $38,256).

During the six months ended June 30, 2023, the Company incurred share-based payment expenses to officers, directors and key management personnel of $nil (twelve months ended December 31, 2022 - $350,817).

26. Segmented information

As at June 30, 2023, 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:

Geographical segment	USA	Canada	Total
As at June 30, 2023			
Current assets	$ 3,047,441	$ 5,571,482	$ 8,618,923
Non-current assets	17,164,884	83,444,438	100,609,322
Revenues	6,459,294	7,805,715	14,265,009
Cost of services	2,668,401	2,204,579	4,872,980
Operating expenses	10,067,706	12,905,888	22,973,594

Geographical segment	USA	Canada	Total
As at December 31, 2022			
Current assets	$ 4,868,513	$ 9,003,096	$ 13,871,609
Non-current assets	18,519,816	84,335,663	102,855,479
Revenues	11,685,074	17,238,059	28,923,133
Cost of services	4,128,647	4,842,645	8,971,292
Operating expenses	11,907,109	16,219,441	28,126,550

27. Events after the reporting period

a) On July 25, 2023, the Company issued an aggregate of 220,916 common shares at a deemed price of $0.30 per Common Share in settlement of a one-time payment of US$50,000 (CAD$66,275), pursuant to its acquisition of Stealth Ag, Inc.("Stealth"), as set out in press releases of May 27, 2021 and August 30, 2021. All common shares issued will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

b) On September 11, 2023, the Company announced that Carmelo Marrelli has resigned as Chief Financial Officer of the Company. In addition, the Company is pleased to announce the appointment of Akshay Shirodker as Chief Financial Officer of Deveron Corp.

c) On September 25, 2023, the Company announced a non-brokered private placement of $2 million in unsecured convertible debentures ("Debenture") at a price of $1,000 per Debenture (the "Offering"). The Debentures will mature in three (3) years following the date of issuance (the "Maturity Date") and will bear interest at an interest rate of nine percent (9%) per annum, payable semi-annually in arrears in cash. The holder of a Debenture will have the right, from time to time and at any time after first year anniversary of the date of issuance, to the Maturity Date, to convert all or any portion of the outstanding principal amount into common shares ("Common Shares") in the capital of the Company, at a conversion price of $0.42 per Common Share, subject to adjustment.

d) On October 5, 2023, the Company announced that it had closed the first tranche of a non-brokered private placement through the issuance of 1,750 unsecured convertible debentures at a price of $1,000 per debenture for gross proceeds of $1,750,000. The debenture will mature three (3) years following the date of issuance and will bear interest at an interest rate of nine percent (9%) per annum, payable semi-annually, in arrears in cash.The holder of a debenture will have the right, from time to time and at any time after first year anniversary of the date of issuance, to the maturity date, to convert all or any portion of the outstanding principal amount into common shares, at a conversion price of $0.42 per common share. In connection with the offering, the Company paid certain eligible finders a cash commission in the aggregate of $91,000 and issued 216,666 finder's warrants ("Finder Warrant"). Each Finder Warrant entitles the holder to acquire one Common Share at a price of $0.42 per Common Share until the date that is twelve (12) months from the date of issuance.