DEVERON CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2023

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Deveron Corp. ("Deveron" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended June 30, 2023. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the periods ended June 30, 2023 and December 31, 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of October 26, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Deveron common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR+) website at **www.sedarplus.ca**.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Growth of Deveron's business in the data acquisition and data analytics sector will be significant and profitable.	Financing will be available for the continued growth of data acquisition and data analytics sector	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; changes in economic conditions
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2024. The Company expects to incur further losses in the development of its business Should the Company not raise sufficient capital or have adequate profits (defined as revenues less expenses), it may cease to be a reporting issuer	The operating activities of the Company for the twelve-month period ending June 30, 2024, and the costs associated therewith, will be consistent with Deveron's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Deveron	

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Deveron's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Deveron's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Deveron was incorporated under the laws of the Province of Ontario on March 28, 2011.

Deveron (TSX-V: FARM) is a leading agriculture data company based in Toronto, Ontario. The Company provides a variety of analytical data and field services for the North American agricultural industry. Deveron acquires and operates local farm field service providers and soil laboratories, who then leverage the Company's standardized data solutions and technology platforms to grow their businesses. Deveron is a leading provider of carbon sequestration data, serving many of the largest agriculture companies with field and analytical support for their carbon programs. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On August 31, 2020, the Company changed its corporate name from Deveron UAS Corp. to Deveron Corp. 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 the TSXV under the symbol “FARM”.

Operational Highlights

Corporate

On March 14, 2023, the Company announced that it has signed two new enterprise contracts, totalling $9.5 million. Focusing on tissue sampling and pesticide analysis, the first contract has a total value of $4 million spread over 2 years, via Deveron's subsidiary A&L Canada Laboratories.

On March 16, 2023, the Company announced that it had agreed to settle 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, which also represents the closing price on the date of settlement. The debt settlement remains subject to receipt of all necessary corporate and regulatory approvals, including the approval of TSXV. All securities issued in connection with the debt settlement 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.

On April 14, 2023, the Company announced a non-brokered private placement of up to 4,838,710 common shares (each, a "Common Share") in the capital of the Company at a price of $0.31 per Common Share for gross proceeds of $1,500,000 (the "Offering"). $1,000,000 of the proceeds are from insiders of the Company, including the newest board member, Tim Close, the former Chief Executive Officer of Ag Growth International. Gross proceeds of the Offering will be to fund Deveron's M&A strategy, consolidating the fragmented soil lab and crop consultant market in North America. The Company intends to enter into subscription agreements with each subscriber and have the distribution of the Common Shares qualified pursuant to a shelf prospectus supplement (a "Prospectus Supplement") to the Company's short form base shelf prospectus for each of the provinces of Canada, except Quebec, dated November 30, 2021 (the "Base Shelf Prospectus").

On April 25, 2023, the Company announced that further to its press release of April 14, 2023, the previously announced non-brokered private placement common shares (each, a "Common Share") in the capital of the Company at a price of $0.31 per Common Share for has been increased to 16,774,194 Common Shares for aggregate gross proceeds of $5,200,000 (the "Offering"). Gross proceeds of the Offering will be to fund Deveron's M&A strategy, consolidating the fragmented soil lab and crop consultant market in North America. The Company intends to enter into subscription agreements with each subscriber and have the distribution of the Common Shares will be qualified pursuant to a shelf prospectus supplement (a "Prospectus Supplement") to the Company's short form base shelf prospectus for each of the provinces of Canada, except Quebec, dated November 30, 2021 (the "Base Shelf Prospectus"). There is no agent or underwriter involved with the issuance of the Common Shares, however, the Company may pay certain eligible finders a commission or finder's fee in connection with the Offering. The completion of the Offering is expected to close on or about April 27, 2023, and remains subject to all regulatory and other approvals, including the approval of the TSX Venture Exchange. The prospectus was filed on SEDAR on April 26, 2023.

On May 5, 2023, the Company announced that further to its press releases of April 14, 2023 and April 25 2023, the Company had completed the first tranche of the previously announced prospectus offering through the issuance of 16,224,194 common shares in the capital of the Company at a price of $0.31 per Common Share, for gross proceeds of $5,029,500. The distribution of the Common Shares is qualified by the Company's shelf prospectus supplement dated April 26, 2023, to the Company's short form base shelf prospectus for each of the provinces of Canada, except Quebec, dated November 30, 2021. In connection with the Offering, the Company paid certain eligible persons (each, a "Finder") an aggregate of $144,577.

On May 17, 2023, the Company announced that further to its press releases of April 14, 2023, April 25, 2023 and May 5 2023, the Company had completed the second and final tranche of the previously announced prospectus offering through the issuance of 550,000 common shares in the capital of the Company at a price of $0.31 per Common Share, for gross proceeds of $170,500. The distribution of the Common Shares is qualified by the Company's shelf prospectus supplement dated April 26, 2023, to the Company's short form base shelf prospectus for each of the provinces of Canada, except Quebec, dated November 30, 2021.

On June 20, 2023, the Company announced that Woods End Laboratories, a subsidiary of Deveron Corp., has been selected by the United States Department of Agriculture's ("USDA") to support Michigan State University's US $1.95 million-dollar Soil Carbon IDEA: Inclusion, Diversity, Equity and Access program.

On June 30, 2023, the Company announced that in connection with its previously announced acquisition of Stealth Ag, Inc. (“Stealth”), as set out in its press releases of May 27, 2021 and August 30, 2021, Stealth has exceeded gross revenues of US$1,250,000 during the Second Earn Out Period (as such term is defined in the press release of the Company dated May 27, 2021). As a result of achieving this milestone, the Company is required to make a one- time payment of US$50,000 (CAD$66,275), to be satisfied through the issuance of an aggregate of 220,916 common shares (“Common Shares”) in the capital of the Company at a deemed price of $0.30 per Common Share, which also represents the closing price on the date of settlement. Pursuant to the policies of the TSX Venture Exchange (the “TSXV”) the transaction is treated as a debt settlement and the issuance of the Common Shares remains subject to receipt of all necessary corporate and regulatory approvals, including the approval of the TSXV. 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. In addition, the Company announced that it has granted an aggregate of 795,833 stock options (the "Options") to purchase common shares (the "Common Shares") of the Company exercisable at a price of $0.30 per Common Share and expiring on June 30, 2028, to certain directors of the Company. The common shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.

Company Update

There are almost 1 billion acres of farmland in North America, and it is estimated that, currently, data and technology are applied in making input decisions (such as seeding, fertilizer use etc.) on only 30% of this total area under cultivation.

Science and technology can have a significant role to play in improving farm outcomes; including yields, profitability and climate impact.

Deveron is a growing company focused on the North American agriculture market that provides:

- Data collection services via soil sampling, drones, and other methods
- Data insights to better manage inputs like fertilizer, seed, water and other crop protection that is based on highly localized data and farm variability
- Carbon sequestration data services, serving many of the largest agriculture companies with field and analytical support for their carbon programs
- Standardized data solutions and technology platforms that helps farmers, agronomists and agri-businesses record, organize and leverage on-farm information to make better decisions.
- Agricultural laboratories and soil health testing services such as Solvita soil health tests

Deveron provides these services directly through:

- Our growing network of local agronomists and partner channels
- Our digital affiliations with multi-national input companies
- Our online presence at www.deveron.com

Deveron is focused on removing the subjective decision making of farming and making it easy for any grower, using any brand of input or equipment, to use data to make more money on the farm.

Trends and Economic Conditions

Deveron's operations are focused within the agriculture marketplace. Soil testing, plant tissue analysis, imagery and other data solutions will have a significant effect on this market by allowing farmers to reduce costs, strengthen yields and improve profitability. Other trend factors impacting agriculture are changes to applicable laws and regulations, weather conditions, rising fertilizer and other agricultural costs, the availability of qualified people, and obtaining necessary services in jurisdictions where Deveron operates. The current trends relating to these factors could change at any time and negatively affect Deveron's operations and business.

Deveron is managing its business during uncertain market, political and economic conditions, including among others, geopolitical and other risks associated with our operations, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers, including in relation to the evolving Ukraine/Russia conflict.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

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.

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 ending June 30, 2023, the Company incurred professional fees of $125,161 (year ended December 31, 2022 - $95,442) to a group of companies of which Carmelo Marrelli is Managing Director. 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 ending June 30, 2023, the Company also incurred legal fees of $62,915 (year 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 and accrued and other liabilities is $49,661 due to Irwin Lowy LLP (December 31, 2022 - $38,256).

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

Outlook

For the immediate future, the Company intends to develop the data acquisition and analytics business. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. See “Cautionary Note Regarding Forward-Looking Statements” and “Trends and Economic Conditions” in “Risk Factors”.

The Company may need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See “Cautionary Note Regarding Forward-Looking Statements” and “Trends and Economic Conditions” in “Risk Factors”.

Selected Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company as at June 30, 2023, December 31, 2022 and 2021 and for the periods then ended.

	Six months ended June 30, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Total revenues	$ 14,265,009	$ 28,923,133	$ 8,598,475
Total loss	$ (13,701,606)	$ (8,573,905)	$ (5,020,276)
Net loss per share - basic	$ (0.10)	$ (0.07)	$ (0.04)
Net loss per share - diluted	$ (0.10)	$ (0.07)	$ (0.04)
	As at June 30, 2023	**As at December 31, 2022**	**As at December 31, 2021**
Total assets	$ 109,228,245	$ 116,727,088	$ 22,767,377
Total non-current financial liabilities	$ 59,208,988	$ 57,498,353	$ 2,370,146
Distribution of cash dividends	$ nil	$ nil	$ nil

- The net loss for the six months ending June 30, 2023, consisted primarily of (i) share-based payments of $900,841; (ii) salaries and benefits of $7,443,947; (iii) change in NCI put obligation of $3,296,586; (iv) depreciation of $1,798,538; (v) professional fees of $815,870; (vi) amortization of intangible assets of $1,789,662 and (vii) other working capital expenditures incurred to maintain the operations of the Company which was offset by (i) net drone and agronomic services of $14,265,009 and (ii) interest income of $20,673.

- The net loss for the year ended December 31, 2022, consisted primarily of (i) share-based payments of $1,147,082; (ii) salaries and benefits of $11,396,425; (iii) change in NCI put obligation of $3,048,977; (iv) depreciation of $2,574,996; (v) professional fees of $2,338,257; (vi) amortization of intangible assets of $2,255,488 and (vii) other working capital expenditures incurred to maintain the operations of the Company which was offset by (i) net drone and agronomic services of $28,923,133 and (ii) interest income of $58,568.

- The net loss for the year ended December 31, 2021, consisted primarily of (i) share-based payments of $666,331; (ii) salaries and benefits of $5,741,240; (iii) depreciation of $640,207; (iv) professional fees of $642,120; (v) amortization of intangible assets of $274,004 and (vi) other working capital expenditures incurred to maintain the operations of the Company which was offset by (i) net drone and agronomic services of $8,598,475 and (ii) interest income of $15,418.

Three Months Ended	Total Revenue ($)	Profit or(Loss)		Total Assets ($)
		Total ($)	Basic and Diluted Income (Loss) Per Share ($)	
June 30, 2023(1)	8,906,469	(7,567,227)	(0.05)	109,228,245
March 31, 2023(2)	5,358,540	(6,134,379)	(0.04)	109,213,655
December 31, 2022(3)	15,143,300	3,975,837	0.03	116,727,088
September 30, 2022(4)	7,189,494	(4,785,772)	(0.04)	111,178,367
June 30, 2022(5)	5,183,378	(4,214,092)	(0.04)	104,937,733
March 31, 2022(6)	1,406,961	(3,549,878)	(0.04)	30,485,546
December 31, 2021(7)	4,491,102	(1,388,777)	(0.02)	22,767,377
September 30, 2021(8)	1,607,569	(1,796,452)	(0.02)	22,267,470

Notes:

1) The Company's net loss totaled $7,567,227 for the three months ended June 30, 2023, with basic and diluted loss per share of $0.05. Activities for the three months ended June 30, 2023, principally involved salaries and benefits of $3,952,747; change in NCI put obligation of $4,056,258; professional fees of $430,073, representing costs incurred for general legal, accounting and audit services; depreciation of $896,516; amortization of intangible assets of $899,502; office and general of $2,085,424; and cost of services of $2,408,125 which was offset by data services revenues of $8,906,469; and interest income of $7,378.

2) The Company's net loss totaled $6,134,379 for the three months ended March 31, 2023, with basic and diluted income per share of $0.04. Activities for the three months ended March 31, 2023, principally involved share-based payments of $3,491,200; salaries and benefits of $3,491,200; professional fees of $385,797, representing costs incurred for general legal, accounting and audit services; interest expenses of $3,491,200; depreciation of $902,022; amortization of intangible assets of $890,160, office and general of $2,419,278; and cost of services of $2,464,855 which was offset by data services revenue of $5,358,540; and interest income of $13,295.

3) The Company's net profit totaled $3,975,837 for the three months ended December 31, 2022, with basic and diluted loss per share of $0.03. Activities for the three months ended December 31, 2022, principally involved share-based payments of $4,181,840; change in NCI put obligation of $3,048,977; professional fees of $392,509, representing costs incurred for general legal, accounting and audit services; depreciation of $1,054,790; amortization of intangible assets of $578,484; office and general of $2,338,319; and cost of services of $3,417,716 which was offset by data services revenues of $15,143,300; and interest income of $13,672.

4) The Company's net loss totaled $4,785,772 for the three months ended September 30, 2022, with basic and diluted loss per share of $0.04. Activities for the three months ended September 30, 2022, principally involved share-based payments of $293,255; salaries and benefits of $2,552,974; professional fees of $309,092, representing costs incurred for general legal, accounting and audit services; interest expenses of $1,130,931; depreciation of $735,699; amortization of intangible assets of $1,423,030, office and general of $2,865,629; and cost of services of $2,869,087 which was offset by data services revenue of $7,189,494 and interest income of $25,721.

5) The Company's net loss totaled $4,214,092 for the three months ended June 30, 2022, with basic and diluted loss per share of $0.04. Activities for the three months ended June 30, 2022,principally involved share-based payments of $165,373; salaries and benefits of $2,806,240; professional fees of $1,385,549, representing costs incurred for general legal, accounting and audit services and the Company's acquisition of A&L Canada Laboratories; interest expenses of $348,461; depreciation of $473,782; amortization of intangible assets of $135,010, office and general of $2,133,336; and cost of services of $2,015,204 which was offset by data services revenues of $5,183,378; and interest income of $13,492.

6) The Company's net loss totaled $3,549,878 for the three months ended March 31, 2022, with basic and diluted income per share of $0.04. Activities for the three months ended March 31, 2022, principally involved share-based payments of $447,306; salaries and benefits of $1,855,371; professional fees of $251,107, representing costs incurred for general legal, accounting and audit services; interest expenses of $46,485; depreciation of $310,725; amortization of intangible assets of $118,964, office and general of $1,246,550; and cost of services of $669,287 which was offset by data services revenue of $1,406,961; and interest income of $5,683.

7) The Company's net income totaled $1,388,777 for the three months ended December 31, 2021, with basic and diluted loss per share of $0.02. Activities for the three months ended December 31, 2021, principally involved salaries and benefits of $2,576,352; business development of $19,098; shareholder relations of $29,420 pertaining to regulatory filing fees and consulting fees; professional fees of $191,114, representing costs incurred for general legal, accounting and audit services; depreciation of $428,195; amortization of intangible assets of $274,005; office and general of $1,040,692; bad debts of $73,599 and cost of services of $1,312,465 which was offset by data services revenue of $4,491,102 and interest income of $11,451.

8) The Company's net loss totaled $1,796,452 for the three months ended September 30, 2021, with basic and diluted loss per share of $0.02. Activities for the three months ended September 30, 2021, principally involved share-based payments of $78,736; salaries and benefits of $1,589,940; professional fees of $230,309, representing costs incurred for general legal, accounting and audit services; interest expenses of $41,831; depreciation of $86,085; office and general of $750,837; and cost of services of $600,055 which was offset by data services revenue of $1,607,569 and interest income of $3,205.

9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Key Performance Indicators

The Company monitors a number of key performance indicators to evaluate performance. Some of the key performance indicators used by management are recognized under IFRS, whereas others are non-IFRS measures and are not recognized under IFRS. These non-IFRS measures are provided as additional information to complement the IFRS measures by providing further understanding of our results of operations from management's perspective. We believe that non-IFRS financial measures are useful to investors and others in assessing our performance; however, these measures should not be considered as a substitute for reported IFRS measures nor should they be considered in isolation. As these measures are not recognized measures under IFRS, they do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. For a reconciliation of the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS, see section entitled "Non-IFRS Measures" below.

IFRS Measures

Revenue

The Company generates revenue by providing data collection and analytics services to the agricultural industry in Canada and the United States. Contracts for the Company's services, including carbon services, 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. The Company's products and services are also sold through dealers, affiliates and other companies that partner with the Company in certain regions.

Cost of Services

Cost of services includes agronomic services and laboratory fees, software and processing fees, employee-related expenses, subcontractor costs, and travel-related expenses that are directly related to the product and services that the Company provides.

Gross Margin

Gross margin reflects our revenue less cost of services.

Operating expenses

Operating expenses consist primarily of salaries and benefits, office and general, share-based payments, depreciation and amortization among others. Salaries and benefits include employee related expenses for our sales and operations, product and engineering, general and administrative, and finance teams.

Office and general expenses consist primarily of travel, short-term rent, corporate and public relations, software subscriptions, bank charges, bad debts and insurance-related expenses among others.

Non-IFRS Measures

Adjusted EBITDA

Adjusted EBITDA is a supplemental measure used by management and other users of Deveron's financial statements, including Deveron's lenders and investors, to assess the financial performance of the Company's business without regard to financing methods or capital structure. Adjusted EBITDA is also a key metric that management uses prior to execution of any strategic investing or financing opportunity. For example, management uses Adjusted EBITDA as a measure in determining the value of acquisitions, expansion opportunities, and dispositions. In addition, Adjusted EBITDA is utilized by financial institutions to measure borrowing capacity. The Company believes that Adjusted EBITDA is useful to management, lenders, and investors in assessing the underlying performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements.

The Company defines Adjusted EBITDA as IFRS net loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, acquisition and integration costs, and impairment of goodwill, property, plant, and equipment and right-of-use assets ("ROU"), and change in NCI put obligation.

The following table reconciles Adjusted EBITDA to Net loss for the periods indicated:

	For the three months ended		For the six months and year ended	
	June 30, 2023	December 31, 2022	**June 30, 2023**	December 31, 2022
IFRS Net (Loss) Income	**$ (7,567,227)**	$ 3,975,839	**$ (13,701,606)**	$ (8,573,905)
Interest	**1,461,207**	1,842,469	**2,600,091**	3,368,346
Depreciation & Amortization	**1,796,018**	1,633,274	**3,588,200**	4,830,484
Share-based payments	**337,055**	241,148	**900,841**	1,147,082
Income Taxes	**98,872**	172,046	**120,041**	399,196
Acquisition and integration costs	**-**	-	**-**	1,050,506
Change in NCI put obligation	**4,056,258**	(3,048,977)	**3,296,586**	(3,048,977)
Adjusted EBITDA (Loss)	**$ 182,183**	$ 4,815,799	**$ (3,195,847)**	$ (827,268)

Selected Financial Information

Certain selected financial information is set out below:

	For the three months ended		For the six months and year ended	
	June 30, 2023	December 31, 2022	**June 30, 2023**	December 31, 2022
Total revenues	**$ 8,906,469**	$ 15,143,300	**$ 14,265,009**	$ 28,923,133
Gross margin	**6,498,344**	11,725,585	**9,392,029**	19,951,841
Gross margin %	**73.0 %**	77.4 %	**65.8 %**	69.0 %
Operating expenses	**13,966,699**	7,577,700	**22,973,594**	28,126,550
Adjusted EBITDA (loss)	**182,183**	4,815,799	**(3,195,847)**	(827,268)
Net loss	**$ (7,567,227)**	$ 3,975,839	**$ (13,701,606)**	$ (8,573,905)
Basic and diluted net (loss) income per common share	**$ (0.05)**	$ 0.03	**$ (0.10)**	$ (0.07)
Weighted average common shares outstanding	**147,512,933**	132,176,098	**142,087,346**	116,387,677

Consolidated results of operations:

	For the three months ended		For the six months and year ended	
	June 30, 2023	December 31, 2022	**June 30, 2023**	December 31, 2022
Data collection	**$ 2,213,869**	$ 4,043,877	**$ 3,109,729**	$ 6,888,215
Data analytics	**6,692,600**	11,099,423	**11,155,280**	22,034,918
Total Revenue	**8,906,469**	15,143,300	**14,265,009**	28,923,133
Cost of services	**(2,408,125)**	(3,417,716)	**(4,872,980)**	(8,971,292)
Gross Margin	**6,498,344**	11,725,584	**9,392,029**	19,951,841
Expenses				
Salaries and benefits	**3,952,747**	4,181,840	**7,443,947**	11,396,425
Office and general	**2,085,424**	2,338,319	**4,504,702**	8,583,834
Share-based payments	**337,055**	241,148	**900,841**	1,147,082
Depreciation	**896,516**	1,054,790	**1,798,538**	2,574,996
Professional fees	**430,073**	392,509	**815,870**	2,338,257
Amortization of intangibles	**899,502**	578,484	**1,789,662**	2,255,488
Interest expense	**1,461,207**	1,842,469	**2,600,091**	3,368,346
Foreign exchange (gain)/loss	**(65,913)**	78,531	**(75,453)**	(249,007)
Interest income	**(7,378)**	(13,672)	**(20,673)**	(58,568)
Gain on disposition of PP&E	**(78,792)**	(67,741)	**(80,517)**	(181,326)
Change in NCI put obligation	**4,056,258**	(3,048,977)	**3,296,586**	(3,048,977)
Operating Expenses	**13,966,699**	7,577,700	**22,973,594**	28,126,550
Income tax expense	**$ 98,872**	$ 172,046	**$ 120,041**	$ 399,196
Net income(loss) for the period	**$ (7,567,227)**	$ 3,975,838	**$ (13,701,606)**	$ (8,573,905)

Discussion of operations

Three months ended June 30, 2023, compared with three months ended December 31, 2022

When comparing the results for the three months ending June 30, 2023 to three months ending December 31, 2022, we are affected by the seasonal nature of operations at Deveron as soil testing volume is typically higher in the three months ending December 31. Deveron's net loss totaled $7,567,227 for three months ended June 30, 2023, with basic and diluted loss per share of $0.05. This compares with a net income of $3,975,839 with basic and diluted income per share of $0.00 for the three months ended December 31, 2022. The increase of $11,543,066 in net loss was principally due to the following:

- Total revenues decreased by $6,236,831 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. Data collections revenue decreased by $1,830,008 and Data analytics revenue decreased by $4,406,823. This is due to the seasonal nature of the operations.

- Cost of services decreased by $2,105,252 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The decrease is attributable to direct costs (such as salaries and benefits, travel fees, software, drone maintenance, drone equipment, drone data collection, processing fees, training, office and general and consulting fees) incurred to generate income. The decrease is closely related to the decrease in revenue from new customers.

- Professional fees increased by $37,564 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The increase is attributable to increased corporate activity requiring external professional support, including acquisition and integration costs.
- Office and general decreased by $252,895 for the three months ended June 30, 2023 compared to the three months ended December 31, 2022 and consisted of costs such as insurance, travel, shareholder relations, business development, bad debts, recruitment, advertising and promotion, supplies, software, phone and internet, rent, utilities, licenses and taxes, and bank service charges.
- Salaries and benefits decreased by $229,093 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The decrease is attributable to the decrease in revenue from customers during the period..
- Depreciation decreased by $158,274 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The decrease is attributable to depreciation recorded on equipment, land and building, drones, vehicles and right-of-use assets acquired during the current and prior years.
- Intangible amortization increased by $321,018 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The increase primarily relates to the acquisitions of Agri-Labs, A&L, and Frontier Labs.
- Share-based payments increased by $95,907 for the three months ended June 30, 2023, compared to the three months ended December 31, 2022. The increase is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.
- All other expenses related to general working capital expenditures.

Deveron’s total assets at June 30, 2023 were $109,228,245 (December 31, 2022 - $116,727,088) against total liabilities of $72,610,537 (December 31, 2022 - $72,724,930). The decrease in total assets of $7,498,843 resulted from cash spent on operating costs as well as the decrease in accounts receivables. The Company does not have sufficient current assets to pay its existing liabilities of $72,610,537 at June 30, 2023.

Cash Flow

At June 30, 2023, the Company had cash and cash equivalents of $2,964,720. The decrease in cash of $2,860,091 from the December 31, 2022 cash balance of $5,824,811 was a result of cash outflow in operating activities of $2,609,544, cash outflow from investing activities of $1,864,853 and cash inflow from financing activities of $1,614,306. Operating activities were affected by depreciation of $1,798,538, amortization of intangibles of $1,789,662, share-based payments of $900,841, interest expense of $2,600,091, gain on disposition of property, plant and equipment of $80,517, change in NCI put obligation of $3,296,586, foreign exchange and other of $278,143 and net change in non-cash working capital balances of $944,963 because of a decrease in accounts receivable, prepaids and other receivables of $2,392,595, and an increase in accounts payable, accrued and other current liabilities of $1,071,723. Investing activities were affected by the cash payment of $833,527 for the contingent consideration from previous acquisitions, and $1,138,813 for the purchase of property and equipment. Financing activities were affected by lease payments of $962,486 as well as credit facility principal and interest payments of $2,406,506.

Liquidity and Financial Position

The Company expects to be financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See “Cautionary Note Regarding Forward-Looking Statements”, “Trends and Economic Conditions” and “Risk Factors”.

As at June 30, 2023, the Company had a working capital deficit of $4,782,626 (December 31, 2022 – working capital deficit of $1,354,968). The Company’s continuing operations are dependent on its ability to secure equity and/or debt financing.

In the following 12-month period, the business objective of Deveron is to grow its customer base through market awareness of its service offering to growers in Canada and the United States and through acquisitions. Deveron intends to focus on the following business objectives:

a) Continue development and deployment of the data acquisition network to provide on demand data services to the agricultural industry across Canada and select strategic regions in the United States;

b) Continue marketing service offering through current sales network;

c) Continue to work with current and future partners on data integration and feasibility studies; and

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Share Capital

As at the date of this MD&A, the Company had a total of 156,413,686 common shares issued and outstanding.

Capital Management

The Company includes equity, comprising issued share capital, reserves, accumulated other comprehensive income and deficit, in the definition of capital, which as at June 30, 2023, totaled $36,617,708 (December 31, 2022 - $44,002,158).

The Company’s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its acquisition strategy, technology development, and research and development costs devoted to identifying and commercializing new services. 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 on an ongoing basis.

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

Financial Instruments

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).

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 a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada and trades 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 amounts receivable is $223,616 (December 31, 2022 - $252,341).

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 generates cash flow primarily 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). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity and debt market. 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.

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 price.

Interest rate risk

The Company has cash balances. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered banks and US 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 bank. The Company is exposed to interest rate risk through its loans payable, borrowings under credit facility, promissory notes and convertible debentures.

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.

Price risk

The Company is exposed to price risk with respect to equity prices and commodity 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 level of 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:

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and amounts receivable and amounts 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 six months ended June 30, 2023 would have been approximately $258,318 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.

Risk Factors

Deveron operates in evolving markets, which makes it difficult to evaluate its business and future prospects.

Deveron cannot accurately predict the extent to which demand for its services will increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact Deveron's ability to do the following:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in its operations;
- develop and renew contracts;
- attract and retain other highly-qualified personnel;
- successfully develop and commercially market new services;
- adapt to new or changing policies; and
- access additional capital when required and on reasonable terms.

If Deveron fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

Deveron expects to incur research and development costs and devote resources to identifying and commercializing new services, which could significantly reduce its profitability and may never result in revenue to Deveron.

Deveron's future growth depends on penetrating new markets, adapting existing services to new applications, and introducing new services that achieve market acceptance. Deveron plans to incur research and development costs as part of its efforts to develop and commercialize new services and enhance existing products. Deveron believes that there are significant investment opportunities in a number of business areas. Because Deveron accounts for research and development as an operating expense, these expenditures will adversely affect its earnings in the future. Further, Deveron's research and development programs may not produce successful results, and its new services may not achieve market acceptance, create additional revenue or become profitable, which could materially harm its business, prospects, financial results and liquidity.

Market Risk

The geopolitical environment and pandemic have created significant volatility in financial and commodity markets. These factors could result in a global inflationary or recessionary environment with continued market volatility, which may continue to impact our financial condition.

Climate Change

Global climate change continues to attract considerable public, scientific and regulatory attention. Governments and regulatory bodies at the international, national, regional and local levels have introduced or may introduce legislative changes to respond to the potential impacts of climate change. Additional government action to regulate climate change, including regulations on carbon emissions and energy use, could increase direct and indirect costs to the Company's operations and may have a material adverse impact on the Company.

Based on risk assessments conducted by the Company, climate change is not an immediate material risk faced by the Company. However, as time goes on, it will likely have an impact on how the Company conducts its business.

Public Company Obligations

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could have a material adverse impact on the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSXV, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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.

Additional Information

Additional information concerning the Company is available on Sedar plus at **www.sedarplus.ca.**