UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACMT OF 1934
For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-40578

AGRIFORCE GROWING SYSTEMS LTD.
(Exact name of registrant as specified in its charter)

British Columbia (State or other jurisdiction of incorporation or organization)	**Not Applicable** (I.R.S. Employer Identification No.)
800 – 525 West 8th Avenue **Vancouver, BC, Canada** (Address of principal executive offices)	**V5Z 1C6** (Zip Code)

(604) 757-0952
(Registrant's telephone number, including area code)

N/A
(Former name or former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	AGRI	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 13, 2024, the registrant has 92,343,334 shares of common stock, no par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements represent our expectations, beliefs, intentions or strategies concerning future events, including, but not limited to, any statements regarding our assumptions about financial performance; the continuation of historical trends; the sufficiency of our cash balances for future liquidity and capital resource needs; the expected impact of changes in accounting policies on our results of operations, financial condition or cash flows; anticipated problems and our plans for future operations; and the economy in general or the future of the agriculture technology industry, all of which were subject to various risks and uncertainties.

When used in this Quarterly Report on Form 10- Q and other reports, statements, and information we have filed with the Securities and Exchange Commission ("Commission" or "SEC"), in our press releases, in our periodic reports on Forms 10-K and 10-Q, in oral statements made by or with the approval of an executive officer, the words or phrases "believes," "may," "will," "expects," "should," "continue," "anticipates," "intends," "will likely result," "estimates," "projects" or similar expressions and variations thereof are intended to identify such forward-looking statements. However, any statements contained in this Quarterly Report on Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors.

We do not assume the obligation to update any forward-looking statement. You should carefully evaluate such statements in light of factors described in this annual report. In this Quarterly Report on Form 10-Q, AgriFORCE Growing Systems Ltd. has identified important factors that could cause actual results to differ from expected or historic results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete list of all potential risks or uncertainties.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US dollars)

	Note	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS			
Current			
Cash		$ 2,937,496	$ 3,878,578
Accounts receivable		8,479	
Other receivable		25,207	30,859
Prepaid expenses and other current assets	3	297,609	272,872
Inventories	4	4,621	38,857
Total current assets		3,273,412	4,221,166
Non-current			
Property and equipment, net		3,574	11,801
Intangible asset, net	5	11,981,175	12,733,885
Lease deposit		78,893	63,708
Construction in progress		111,425	113,566
Investment	6	216,263	223,801
Total assets		$ 15,664,742	$ 17,367,927
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	7	$ 1,716,274	$ 1,942,011
Debentures	8	925,882	4,084,643
Contract liabilities	9	-	15,336
Total current liabilities		2,642,156	6,041,990
Non-current			
Lease deposit		24,819	25,684
Derivative liabilities	11	1,630,940	2,690,308
Long term loan	10	43,837	45,365
Total liabilities		4,341,752	8,803,347
Commitments and contingencies	15		
Shareholders' equity			
Common shares, no par value per share - unlimited shares authorized; 84,333,892 and 5,841,045 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively*	12	61,085,023	49,828,942
Additional paid-in-capital		2,953,883	3,472,444
Obligation to issue shares	12	86,432	97,094
Accumulated deficit		(52,067,103)	(44,507,304)
Accumulated other comprehensive loss		(735,245)	(326,596)
Total shareholders' equity		11,322,990	8,564,580
Total liabilities and shareholders' equity		$ 15,664,742	$ 17,367,927

* reflects the 1:50 reverse stock split effected on October 11, 2023.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)
(Expressed in US dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUE	41,315	-	41,315	-
COST OF SALES	33,731	-	33,731	-
Gross profit	7,584	-	7,584	-
OPERATING EXPENSES				
Wages and salaries	$ 330,616	$ 798,926	$ 719,220	$ 1,714,460
Consulting	83,281	675,905	186,196	885,020
Professional fees	159,337	460,984	329,729	748,350
Office and administrative	285,056	293,768	580,258	629,529
Investor and public relations	17,366	121,947	42,646	389,865
Depreciation and amortization	162,941	171,839	329,939	340,599
Share based compensation	38,782	205,157	64,122	486,648
Sales and marketing	50,598	61,748	75,826	162,326
Lease expense	14,406	73,194	58,576	149,274
Travel and entertainment	3,475	28,481	8,158	101,125
Shareholder and regulatory	29,485	8,422	85,449	78,817
Research and development	509	13,235	4,094	49,358
	1,175,852	2,913,606	2,484,213	5,735,371
Operating loss	(1,168,268)	(2,913,606)	(2,476,629)	(5,735,371)
OTHER EXPENSES				
Accretion of interest on debentures (Note 8)	838,876	2,107,808	2,203,081	3,980,278
Loss on conversion of convertible debt (Note 8)	1,119,750	13,902	1,392,482	433,605
Loss on debt extinguishment (Note 8)	1,887,936	-	2,298,369	-
Change in fair value of derivative liabilities (Note 11)	(716,695)	(2,458,993)	(692,926)	(5,833,025)
Foreign exchange gain	(32,121)	(33,409)	(86,752)	(26,789)
Other loss	-	-	4,252	-
Write-off of inventory	-	-	38,470	-
Write-off of deposit (Note 3)	-	-	-	12,000
Other income	(33,915)	(15,942	(73,806)	(54,415)
Net loss	$ (4,232,099)	$ (2,526,972)	$ (7,559,799)	$ (4,247,025)
Other comprehensive income (loss)				
Foreign currency translation	(128,744)	196,119	(408,649)	311,005
Comprehensive loss attributable to common shareholders	$ (4,360,843)	$ (2,330,853)	$ (7,968,448)	$ (3,936,020)
Basic and diluted net loss attributed to common share	$ (0.09)	$ (5.06)	$ (0.32)	$ (8.72)
Weighted average number of common shares outstanding – basic and diluted*	45,875,887	499,461	23,415,625	487,085

* reflects the 1:50 reverse stock split effected on October 11, 2023.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

AGRIFORCE GROWING SYSTEMS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

(Expressed in US dollars, except share numbers)

For the three and six months ended June 30, 2024 and 2023

	For the three months ended June 30						
	Common shares		Additional	Obligation		Accumulated other	Total
	# of Shares*	Amount	paid-in-capital	to issue shares	Accumulated deficit	comprehensive income	shareholders' equity
Balance, April 1, 2024	22,573,938	$ 53,880,259	$ 3,456,475	$ 44,214	$ (47,835,004)	$ (606,501)	$ 8,939,443
Shares issued for conversion of convertible debt	61,505,497	6,651,170	-	-	-	-	6,651,170
Shares issued for compensation	232,368	20,541	-	42,218	-	-	62,759
Shares issued for consulting services	15,664	2,624	-	-	-	-	2,624
Shares issued on conversion of vested prefunded warrants	6,425	530,429	(530,429)	-	-	-	-
Share based compensation	-	-	27,837	-	-	-	27,837
Net loss	-	-	-	-	(4,232,099)	-	(4,232,099)
Foreign currency translation	-	-	-	-	-	(128,744)	(128,744)
Balance, June 30, 2024	84,333,892	$ 61,085,023	$ 2,953,883	$ 86,432	$ (52,067,103)	$ (735,245)	$ 11,322,990
	For the six months ended June 30						
Balance, January 1, 2024	5,841,045	$ 49,828,942	$ 3,472,444	$ 97,094	$ (44,507,304)	$ (326,596)	$ 8,564,580
Shares issued for conversion of convertible debt	77,999,099	10,624,607	-	-	-	-	10,624,607
Shares issued for compensation	345,013	73,421	-	(10,662)	-	-	62,759
Shares issued for consulting services	142,310	27,624	-	-	-	-	27,624
Shares issued on conversion of vested prefunded warrants	6,425	530,429	(530,429)				-
Share based compensation	-	-	11,868	-	-	-	11,868
Net loss	-	-	-	-	(7,559,799)	-	(7,559,799)
Foreign currency translation	-	-		-	-	(408,649)	(408,649)
Balance, June 30, 2024	84,333,892	$ 61,085,023	$ 2,953,883	$ 86,432	$ (52,067,103)	$ (735,245)	$ 11,322,990

For the three months ended June 30

	Common shares		Additional	Obligation		Accumulated other	Total
	# of Shares*	Amount	paid-in-capital	to issue shares	Accumulated deficit	comprehensive income	shareholders' equity
Balance, April 1, 2023	366,291	$ 31,283,690	$ 11,947,606	$ -	$ (34,494,147)	$ (527,824)	$ 8,209,325
Shares issued for conversion of convertible debt	36,111	695,128	-	-	-	-	695,128
Shares issued for compensation	-	-	-	97,837	-	-	97,837
Shares issued for cash, net of issuance costs	21,475	299,599	-	-	-	-	299,599
Shares issued in private placement	20,000	204,880	-	-	-	-	204,880
Shares issued for consulting services	250	26,000	-	-	-	-	26,000
Shares issued on conversion of vested prefunded warrants	10,208	576,770	(576,770)	-	-	-	-
Share based compensation	-	-	107,320	-	-	-	107,320
Net loss	-	-	-	-	(2,526,972)	-	(2,526,972)
Foreign currency translation	-	-	-	-	-	196,119	196,119
Balance, June 30, 2023	454,335	$ 33,086,067	$ 11,478,156	$ 97,837	$ (37,021,119)	$ (331,705)	$ 7,309,236

For the six months ended June 30

	# of Shares*	Amount	Additional paid-in-capital	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance, January 1, 2023	315,916	$ 27,142,762	$ 16,816,695	$ -	$ (32,774,094)	$ (642,710)	$ 10,542,653
Shares issued for conversion of convertible debt	50,327	1,743,701	-	-	-	-	1,743,701
Shares issued for compensation	3,118	105,512	-	97,837	-	-	203,349
Shares issued for cash, net of issuance costs	21,475	299,599	-	-	-	-	299,599
Shares issued in private placement	20,000	204,880	-	-	-	-	204,880
Shares issued for consulting services	550	53,735	-	-	-	-	53,735
Shares issued on conversion of vested prefunded warrants	42,949	3,535,878	(3,535,878)	-	-	-	-
Cancelled prefunded warrants	-	-	(2,085,960)	-	-	-	(2,085,960
Share based compensation	-	-	283,299	-	-	-	283,299
Net loss	-	-	-	-	(4,247,025)	-	(4,247,025
Foreign currency translation	-	-	-	-	-	311,005	311,005
Balance, June 30, 2023	454,335	$ 33,086,067	$ 11,478,156	$ 97,837	$ (37,021,119)	$ (331,705)	$ 7,309,236

* reflects the 1:50 reverse stock split effected on October 11, 2023.

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)
(Expressed in US Dollars)

		For the six months ended June 30,	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (7,559,799)	$ (4,247,025)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		329,939	340,599
Share based compensation		11,868	283,299
Shares issued for consulting services		27,624	53,735
Shares issued for compensation		62,759	105,512
Amortization of debt issuance costs		2,149,678	3,808,460
Change in fair value of derivative liabilities	11	(692,926)	(5,833,025)
Loss on debt conversion	8	1,392,482	433,605
Loss on debt extinguishment	8	2,298,369	-
Loss on disposal of fixed assets		4,252	-
Write-off of deposit		-	12,000
Obligation to issue shares		-	97,837
Changes in operating assets and liabilities:			
Accounts receivable		(8,479)	-
Other receivables		5,652	(12,857)
Prepaid expenses and other current assets		(24,737)	388,318
Inventories		34,236	-
Advance		-	(225,000)
Accounts payable and accrued liabilities		(225,737)	446,943
Lease deposit asset		(18,382)	-
Contract liabilities		(15,336)	-
Right-of-use asset		-	57,428
Lease liabilities		-	(49,825)
Net cash used in operating activities		(2,228,537)	(4,339,996)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from common shares issued for cash		-	565,741
Share issuance costs paid		-	(16,142)
Proceeds from debentures – net of discount	8	2,250,000	4,615,385
Repayment of convertible debentures	8	(802,282)	(1,741,950)
Financing costs of debentures	8	(84,463)	(325,962)
Net cash provided by financing activities		1,363,255	3,097,072
Effect of exchange rate changes on cash and cash equivalent		(75,800)	(21,056)
Change in cash		(941,082)	(1,263,980)
Cash, beginning of period		3,878,578	2,269,320
Cash, end of period		$ 2,937,496	$ 1,005,340
Supplemental cash flow information:			
Cash paid during the period for interest		$ 53,403	$ 171,818
Supplemental disclosure of non-cash investing and financing transactions			
Initial fair value of debenture warrants (“Fifth Tranche Warrants”)		$ 564,000	-
Initial fair value of conversion feature of debentures (“Fifth Tranche Debentures”)		$ 359,000	-
Initial fair value of debenture warrants (“Sixth Tranche Warrants”)		$ 242,000	-
Initial fair value of conversion feature of debentures (“Six Tranche Debentures”)		$ 198,000	-
Initial fair value of debenture warrants (“Seventh Tranche Warrants”)		$ 369,000	-
Initial fair value of conversion feature of debentures (“Seventh Tranche Debentures”)		$ 297,000	-
Shares issued for conversion of convertible debt		$ 10,624,607	$ 1,743,701
Reclassified accrued construction in progress fees		$ -	$ 39,875

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

1. NATURE OF OPERATIONS AND BASIS OF PREPARATION

Business Overview

AgriFORCE Growing Systems Ltd. ("AgriFORCE™" or the "Company") was incorporated as a private company by Articles of Incorporation issued pursuant to the provisions of the *Business Corporations Act (British Columbia)* on December 22, 2017. The Company's registered and records office address is at 800 – 525 West 8th Avenue, Vancouver, British Columbia, Canada, V5Z 1C6.

The Company is an innovative agriculture-focused technology company that delivers reliable, financially robust solutions for high value crops through our proprietary facility design and automation Intellectual Property to businesses and enterprises globally through our AgriFORCE™ Solutions division ("Solutions") and delivers nutritious food products through our AgriFORCE™ Brands division ("Brands"). During 2023, the Company launched its UN(THINK) Awakened Flour™ flour, which is a nutritious flour that provides many health advantages over traditional flour.

Solutions intends to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment ("FORCEGH+™"). The Company has designed FORCEGH+™ facilities to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible whilst substantially eliminating the need for the use of pesticides and/or irradiation. The Company also has a global license to sell and distribute hydroxyl devices. During 2023, the Company completed sales and deliveries of its hydroxyl devices.

Brands is focused on the development and commercialization of plant-based ingredients and products that deliver healthier and more nutritious solutions. We will market and commercialize both branded consumer product offerings and ingredient supply.

Basis of Presentation

The accompanying Unaudited Condensed Consolidated Interim Financial Statements and related financial information of AgriFORCE Growing Systems Ltd. should be read in conjunction with the audited financial statements and the related notes thereto for the years ended December 31, 2023 and 2022 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 1, 2024. These unaudited interim financial statements have been prepared in accordance with the rules and regulations of the United States Securities and SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

In the opinion of management, the accompanying interim financial statements contain all adjustments which are necessary to state fairly the Company's financial position as of June 30, 2024 and December 31, 2023, and the results of its operations and cash flows during the six months ended June 30, 2024 and 2023. Such adjustments are of a normal and recurring nature. The results for the six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2024, or for any future period.

Liquidity and Management's Plan

The Company has incurred substantial operating losses since its inception and expects to continue to incur significant operating losses for the foreseeable future. As reflected in the interim financial statements for the six months ended June 30, 2024, the Company had a net loss of $7.6 million, $2.2 million of net cash used in operating activities, and the Company had working capital of $0.6 million.

On June 24, 2024, the Company received a Staff Listing Determination Letter from Nasdaq pursuant to which the Staff has determined that as of June 21, 2024, the Company's common shares had a per share closing bid price of $0.10 or less for ten consecutive trading days (the Company's bid price has closed at or below $0.10 per share from June 6, 2024, through June 21, 2024). Nasdaq has granted the Company an exception to comply with the bid price rule as follows:

1. On or before August 1, 2024, the Company shall obtain Board of Directors approval for a reverse stock split, which was received as of that date;
2. On or before September 30, 2024, the Company shall obtain shareholders approval for a reverse stock split at a ratio that satisfies the minimum requirement in the Bid Price Rule;
3. On or before October 9, 2024, the Company shall effect a reverse stock split and, thereafter, maintain a $1 closing bid price for a minimum of ten consecutive business days;
4. On or before October 22, 2024, the Company shall have demonstrated compliance with the Bid Price Rule, by evidencing a closing bid price of $1 or more per share for a minimum of ten consecutive trading sessions.

The accompanying interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company is at the development stage of its business plan. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company's ability to continue as a going concern. For the next twelve months from issuance of these interim financial statements, the Company will seek to obtain additional capital through the sale of debt or equity financings or other arrangements to fund operations; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing shareholders and newly issued shares may contain senior rights and preferences compared to our currently outstanding common shares. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the Company's ability to raise capital, management believes that there is substantial doubt in the Company's ability to continue as a going concern for twelve months from the issuance of these interim financial statements.

Reverse Stock Split

On October 11, 2023, the Company executed a one-for-fifty reverse stock split of the Company's common shares (the "Reverse Split"). As a result of the Reverse Split, every 50 shares of the Company's old common shares were converted into one share of the Company's new common shares. Fractional shares resulting from the reverse split were rounded up to the nearest whole number. The Reverse Split automatically and proportionately adjusted all issued and outstanding shares of the Company's common shares, as well as convertible debentures, convertible features, prefunded warrants, stock options and warrants outstanding at the time of the date of the Reverse Split. The exercise price on outstanding equity based-grants was proportionately increased, while the number of shares available under the Company's equity-based plans was proportionately reduced. Share and per share data (except par value) for the periods presented reflect the effects of the Reverse Split. References to numbers of common shares and per share data in the accompanying financial statements and notes thereto for periods ended prior to October 11, 2023 have been adjusted to reflect the Reverse Split on a retroactive basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Start-ups Act of 2012, (the "JOBS Act"). Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, for complying with new or revised accounting standards applicable to public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In November 2023, FASB issued ASU 2023-07, "Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures." ASU 2023-07 provides guidance to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023. We are currently assessing the impact this guidance will have on our financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 requires companies to provide enhanced rate reconciliation disclosures, including disclosure of specific categories and additional information for reconciling items. The standard also requires companies to disaggregate income taxes paid by federal, state and foreign taxes. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. We are currently assessing the impact this guidance will have on our financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Inventories

Inventories consist of finished goods of milled flour and related packaging material recorded at the lower of cost or net realizable value with the cost measured using the average cost method. Inventories includes all costs that relate to bringing the inventory to its present condition and location under normal operating conditions.

Revenue Recognition

Product revenue was limited to sales from hydroxyl generators and will expand to include sales of our UN(THINK) Foods products in 2024. We recognize product revenue when we satisfy performance obligations by transferring control of the promised products or services to customers. Product revenue is recognized at a point in time when control of the promised good or service is transferred to the customer, which is at the point of shipment or delivery of the goods.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with ASC 815, Derivatives and Hedging ("ASC 815"), which provides that if three criteria are met, the Company is required to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments. These three criteria include circumstances in which;

(a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract;

(b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur; and

(c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as "The Meaning of Conventional Convertible Debt Instrument.". Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. ASC 815 provides that, among other things, generally, if an event is not within the entity's control or could require net cash settlement, then the contract shall be classified as an asset or a liability.

Foreign Currency Transactions

The financial statements of the Company and its subsidiaries whose functional currencies are the local currencies are translated into USD for consolidation as follows: assets and liabilities at the exchange rate as of the balance sheet date, shareholders' equity at the historical rates of exchange, and income and expense amounts at the average exchange rate for the period. Translation adjustments resulting from the translation of the subsidiaries' accounts are included in "Accumulated other comprehensive income" as equity in the consolidated balance sheets. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the reporting currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses resulting from foreign currency transactions are included within non-operating expenses.

Definite Lived Intangible Asset

Definite lived intangible asset consists of a granted patent. Amortization is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life of the granted patent is 20 years and the patent was available for use starting January 2023.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The number of common shares used in the loss per shares calculation includes all outstanding common shares plus all common shares issuable for which there are no conditions to issue other than time. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year.

Fair Value Accounting

The fair value of the Company's accounts receivable, accounts payable and other current liabilities approximate their carrying amounts due to the relatively short maturities of these items.

As part of the issuance of debentures on June 30, 2022, January 17, 2023, October 18, 2023, November 30, 2023, February 21, 2024, April 11, 2024 and May 22, 2024 as well as the private placement on June 20, 2023, the Company issued warrants having strike price denominated in USD. This creates an obligation to issue shares for a price that is not denominated in the Company's functional currency and renders the warrants not indexed to the Company's stock, and therefore, must be classified as a derivative liability and measured at fair value at the end of each reporting period. On the same basis, the Series A Warrants and the representative warrants issued as part of the IPO are also classified as a derivative liability and measured at fair value.

The fair value of the Company's warrants is determined in accordance with FASB ASC 820, "Fair Value Measurement," which establishes a fair value hierarchy that prioritizes the assumptions (inputs) to valuation techniques used to price assets or liabilities that are measured at fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The guidance for fair value measurements requires that assets and liabilities measured at fair value be classified and disclosed in one of the following categories:

- Level 1: Defined as observable inputs, such as quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: Defined as observable inputs other than quoted prices included in Level 1. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3: Defined as unobservable inputs to the valuation methodology that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, as well as significant management judgment or estimation.

Reclassifications

The Company has reclassified certain share base payment expenses from *Wages and salaries* to *Share based compensation* in the 2023 consolidated statements of comprehensive loss to align with the 2024 presentation.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	June 30, 2024	December 31, 2023
Legal retainer	31,547	8,039
Prepaid expenses	136,157	223,624
Inventory advances	110,918	30,654
Others	18,987	10,555
	$ 297,609	$ 272,872

During the six months ended June 30, 2023, the Company wrote off a non-refundable deposit amounting to $12,000 which was related to a land purchase agreement.

4. INVENTORIES

As at June 30, 2024, the Company had $4,621 (December 31, 2023 – $38,857) in finished goods.

5. INTANGIBLE ASSET

Intangible asset represents $11,981,175 (December 31, 2023 - $12,733,885) for intellectual property (“Manna IP”) acquired under an asset purchase agreement with Manna Nutritional Group, LLC (“Manna”) dated September 10, 2021. The Manna IP encompasses patented technologies to naturally process and convert grains, pulses, and root vegetables, into low-starch, low-sugar, high-protein, fiber-rich baking flour products, as well as a wide range of breakfast cereals, juices, natural sweeteners, and baking enhancers. The Company paid $1,475,000 in cash and issued 147,600 prefunded warrants valued at $12,106,677 (the “Purchase Price”). Subject to a 9.99% stopper and SEC Rule 144 restrictions, the prefunded warrants will vest in tranches up until March 10, 2024 (all tranches have fully vested). When vested the tranches of prefunded warrants are convertible into an equal number of common shares.

On January 3, 2023, Manna satisfied all of its contractual obligations when the patent was approved by the US Patent and Trademark Office and the title was transferred to the Company. During the year ended December 31, 2023, the Company issued 141,175 shares in relation to this transaction. As at June 30, 2024 all prefunded warrants had been converted (December 31, 2023 - 6,425 unconverted prefunded warrants).

Based on the terms above and in conformity with US GAAP, the Company accounted for purchase as an asset acquisition. The asset was available for use on January 3, 2023. The asset has a useful life of 20 years. The Company recorded $326,242 in amortization expense related to the Manna IP for the six months ended June 30, 2024 (June 30, 2023 - $334,748).

The estimated annual amortization expense for the next five years are as follows:

Period ending:		Amount
Remaining 2024	$	323,816
2025		647,631
2026		647,631
2027		647,631
2028		647,631
2029		647,631
Thereafter		8,419,204
Total	$	11,981,175

6. INVESTMENT

On June 18, 2023, the Company signed a memorandum of understanding with Radical Clean Solutions Ltd. (“RCS”) to purchase common shares issued by RCS. The Company paid RCS $225,000 for 14% of the issued and outstanding common shares of the Company. Under the terms of the MOU, the use of proceeds is exclusively for the advance purchase of hydroxyls generating devices for commercial sales into controlled environment agriculture, food manufacturing, warehousing and transportation verticals. The Company will receive one of five board of director seats of RCS and has a right of first refusal to maintain an ownership percentage in RCS of not less than 10% of the total issued and outstanding common shares. On October 1, 2023 the Company and RCS signed a definitive agreement to convert the advance into a 14% ownership investment in RCS.

As at June 30, 2024, the carrying value of the investment in RCS was $216,263 (December 31, 2023 - $223,801) adjusted for foreign exchange differences of $8,737 (December 31, 2023 - $1,199). As at June 30, 2024, the Company assessed the investment for the presence of the following impairment indications:

- A significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee
- A significant adverse change in the regulatory, economic, or technological environment of the investee
- A significant adverse change in the general market condition of either the geographic area or the industry in which the investee operates
- A bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment
- Factors that raise significant concerns about the investee’s ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

None of the above qualitative factors demonstrating potential impairment were present.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
Accounts payable	$ 409,147	$ 578,128
Accrued expenses	875,401	868,451
Others	431,726	495,432
	$ 1,716,274	$ 1,942,011

8. DEBENTURES

On June 30, 2022, the Company executed the definitive agreements (the “Purchase Agreements”) with arm’s length accredited institutional investors (the “Investors”) for $14,025,000 in debentures with a 10% original issue discount for gross proceeds of $12,750,000 (“First Tranche Debentures”). The First Tranche Debentures were convertible into common shares at $111.00 per share. In addition, the Investors received 82,129 warrants at a strike price of $122.10, which expire on December 31, 2025 (the “First Tranche Warrants”). The First Tranche Warrants and First Tranche Debentures each have down round provisions whereby the conversion and strike prices will be adjusted downward if the Company issues equity instruments at lower prices. The First Tranche Warrants strike price and the First Tranche Debenture conversion price will be adjusted down to the effective conversion price of the issued equity instruments. The transaction costs incurred in relation to first tranche were $1,634,894. The Debentures are senior to all other indebtedness or claims in right of payment, other than indebtedness secured by purchase money security interested.

The Investors had the right to purchase additional tranches of $5,000,000 each, up to a total additional principal amount of $33,000,000.

On January 17, 2023, the Investors purchased additional debentures totaling $5,076,923 with a 10% original issue discount for gross proceeds of $4,615,385 (the “Second Tranche Debenture”). The Second Tranche Debentures were convertible into common shares at $62.00 per share and the Investors received an additional 53,226 warrants at a strike price of $62.00, which expire on December 31, 2025 (the “Second Tranche Warrants”). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First Tranche Debentures and the First Tranche Warrants to $62.00. The transaction costs incurred in relation to second tranche were $325,962.

On June 26, 2023, the Company entered into waiver and amendment agreements (“Debenture Modification Agreements”) with the Investors to modify terms of the Purchase Agreements. The Debenture Modification Agreements provide as follows:

1. The July 1, 2023 interest and principal payments will be settled with the Company’s Common Shares
2. The Conversion Price has been reduced to the lower of $22.50 or the price of subsequent dilutive issuances under the Company’s ATM program.
3. 100% of ATM proceeds up to $1 million USD may be kept by Company, while any dollar amount over this threshold will be distributed 33% to the Company and 67% to the Investors.
4. The minimum tranche value for Additional Closings has been reduced from $5.0 million to $2.5 million.
5. The Investors have each agreed to raise no objection to one or more private placements of securities by the Company with an aggregate purchase price of up to $1,000,000 at a purchase price of at least $12.50 per common share and two-year warrant (with a per share exercise price of $25.00, and no registration rights).
6. The Company may not prepay any portion of the principal amount of this Debenture without the prior written consent of the Investor; However the Company must apply the approved or percentage of approved gross proceeds from the sale of its Common Stock from an at-the-market offering to prepay this Debenture (pro-rated among all Debentures) and shall be permitted to prepay the Debentures notwithstanding any contrary provision of this Debenture or the Purchase Agreement.

On August 9, 2023, the Company entered into another waiver and amendment agreement ("Agreement") with the Investors with respect to a certain Senior Convertible Debenture (the "Debentures") due July 17, 2025 issued by the Company to that Investor. The Agreement provides as follows:

1. The Company wishes to make Monthly Redemptions in shares of the Company's Common Stock in lieu of cash payments, until further written notice from the Company to the Purchaser.
2. The Purchaser is willing to accept such shares as payment of the Monthly Redemption Amount provided that the Equity Conditions are met; and will consider on a case-by-case basis accepting payments in shares of Common Stock if the Equity Conditions are not met, at its sole discretion. The Company may inquire of the Purchaser at least five (5) Trading Days prior to a Monthly Redemption Date whether the Purchaser is willing to accept Shares without the Equity Conditions having been met. An email reply from the Purchaser shall be sufficient evidence of such monthly waiver.
3. The Purchaser will accept the August 1, 2023 Monthly Redemption Amount in shares of Common Stock valued at the August 1 Repayment Price for such date.

On October 18, 2023, the Investors purchased additional debentures totaling $2,750,000 with a 10% original issue discount for gross proceeds of $2,500,000 (the "Third Tranche Debenture"). The Third Tranche Debentures were convertible into common shares at $2.62 per share and the Investors received an additional 620,230 warrants at a strike price of $2.62, which expire on April 18, 2027 (the "Third Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First and Second Tranche Debentures and the First and Second Tranche Warrants to $2.62. The transaction costs incurred in relation to third tranche were $31,915.

On November 30, 2023, the Investors purchased additional debentures totaling $2,750,000 with a 10% original issue discount for gross proceeds of $2,500,000 (the "Fourth Tranche Debenture"). The Fourth Tranche Debentures were convertible into common shares at $0.90 per share and the Investors received an additional 1,986,112 warrants at a strike price of $0.90, which expire on May 30, 2027 (the "Fourth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second and Third Tranche Debentures and the First, Second and Third Tranche Warrants to $0.90. The transaction costs incurred in relation to fourth tranche were $30,040.

On February 21, 2024, the Investors purchased additional debentures totaling $1,100,000 with a 10% original issue discount for gross proceeds of $1,000,000 (the "Fifth Tranche Debenture"). The Fifth Tranche Debentures were convertible into common shares at $0.214 per share and the Investors received an additional 3,341,122 warrants at a strike price of $0.2354, which expire on August 21, 2027 (the "Fifth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third and Fourth Tranche Debentures and the First, Second, Third and Fourth Tranche Warrants to $0.214. The transaction costs incurred in relation to fifth tranche were $50,000.

On April 11, 2024, the Investors purchased additional debentures totaling $550,000 with a 10% original issue discount for gross proceeds of $500,000 (the "Sixth Tranche Debenture"). The Sixth Tranche Debentures were convertible into common shares at $0.163 per share and the Investors received an additional 2,193,253 warrants at a strike price of $0.18, which expire on October 11, 2027 (the "Sixth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth and Fifth Tranche Debentures and Warrants to $0.163. The transaction costs incurred in relation to sixth tranche were $31,309.

On May 22, 2024, the Investors purchased additional debentures totaling $833,000 with a 10% original issue discount for gross proceeds of $750,000 (the "Seventh Tranche Debenture"). The Seventh Tranche Debentures were convertible into common shares at $0.10 per share and the Investors received an additional 5,414,500 warrants at a strike price of $0.11, which expire on November 22, 2027 (the "Fifth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Debentures and the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $0.10. The transaction costs incurred in relation to seventh tranche were $3,154. On June 17, 2024, the Investors converted the full principal balance of the Seventh Tranche Debenture which resulted in an extinguishment of the existing debt (see below).

The First, Second, Third, Fourth, Fifth, Sixth and Seventh Tranche Debentures (the "Debentures") have an interest rate of 5% for the first 12 months, 6% for the subsequent 12 months, and 8% per annum thereafter. Principal repayments will be made in 25 equal installments which began on September 1, 2022 for the First Tranche Debentures, July 1, 2023 for the Second Tranche Debentures, January 1, 2024 for the Third Tranche Debentures, May 1, 2024 for the Fourth Tranche Debentures, August 1, 2024 for the Fifth Tranche Debentures, October 1, 2024 for the Sixth Tranche Debentures and November 1, 2024 for the Seventh Tranche Debentures. The Debentures may be extended by nine months at the election of the Company by paying a sum equal to nine months' interest on the principal amount outstanding at the end of the 18th month, at the rate of 8% per annum.

The following table summarizes our outstanding debentures as of the dates indicated:

	Maturity	Cash Interest Rate	June 30, 2024	December 31, 2023
Principal (First Tranche Debentures)	12/31/2024	5.00% - 8.00%	$ 25,000	$ 3,029,676
Principal (Second Tranche Debentures)	07/17/2025	5.00% - 8.00%	25,000	2,940,461
Principal (Third Tranche Debentures)	04/18/2026	5.00% - 8.00%	-	2,750,000
Principal (Fourth Tranche Debentures)	06/01/2026	5.00% - 8.00%	1,698,500	2,750,000
Principal (Fifth Tranche Debentures)	08/20/2026	5.00% - 8.00%	1,100,000	-
Principal (Sixth Tranche Debentures)	10/10/2026	5.00% - 8.00%	300,000	-
Debt issuance costs and discounts (Note 8 & 11)			(2,222,618)	(7,385,494)
Total Debentures (current)			$ 925,882	$ 4,084,643

During the six months ended June 30, 2024, the Investors converted $4,534,462 (June 30, 2023 - $1,442,400) of principal and $200,024 (June 30, 2023 - $37,532) of interest into shares of the Company resulting in a $1,392,482 (June 30, 2023 - $433,605) loss on the conversion of convertible debentures. During the six months ended June 30, 2024, the Company incurred $2,203,081 (June 30, 2023 - $3,980,278) in accretion interest and made cash repayments of $802,282 (June 30, 2023 - $1,741,950).

During the six months ended June 30, 2024, the Investors converted $5,467,932 of the First, Second, Third and Seventh Tranche Debentures into 42,513,613 shares of the Company. The conversions were determined to be an extinguishment of the existing debt and issuance of new debt for the remaining First and Second Tranches. As a result, the Company recorded a loss on debt extinguishment in the amount of $2,298,369.

9. CONTRACT BALANCES

As at June 30, 2024, contract balances consisted of $nil advance payments for product sales not yet delivered, which are recognized as a contract liability (December 31, 2023 - $15,336).

10. LONG TERM LOAN

During the year ended December 31, 2020, the Company entered into a loan agreement with Alterna Bank for a principal amount of $29,225 (CAD$40,000) (December 31, 2023 - $30,243 (CAD$40,000)) under the Canada Emergency Business Account Program (the "Program").

The Program, as set out by the Government of Canada, requires that the funds from this loan shall only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

In April 2021, the Company applied for an additional loan with Alterna Bank under the Program and received $14,612 (CAD$20,000) (December 31, 2023 - $15,122 (CAD$20,000)). The expansion loan is subject to the original terms and conditions of the Program.

The loan was interest free for an initial term that ended on January 18, 2024. Any outstanding loan after initial term carries an interest rate of 5% per annum, payable monthly during the extended term i.e. January 19, 2024 to December 31, 2025. The loan is due December 31, 2026.

The balance as at June 30, 2024 was $43,837 (CAD $60,000) (December 31, 2023 was $45,365 (CAD $60,000)).

11. DERIVATIVE LIABILITIES

Warrant Liabilities

As at June 30, 2024, the Warrant Liabilities represent aggregate fair value of publicly traded 61,765 Series A warrants ("IPO Warrants"), 2,721 representative's warrants ("Rep Warrants"), 20,000 warrants issued in a private placement ("Private Placement Warrants"), 82,129 First Tranche Warrants, 53,226 Second Tranche Warrants, 620,230 Third Tranche Warrants, 1,986,112 Fourth Tranche Warrants, 3,341,122 Fifth Tranche Warrants, 2,193,253 Sixth Tranche Warrants and 5,414,500 Seventh Tranche Warrants ("Debenture Warrants").

The fair value of the IPO Warrants, Rep Warrants and Private Placement Warrants amounted to $31,940 (December 31, 2023 - $11,308). As at June 30, 2024 the Company utilized the Black-Scholes option-pricing model for the IPO Warrants, Rep Warrants and Private Placement Warrants and used the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 91% to 183% (December 31, 2023 – 105% to 117%), risk free rate of return 3.83% to 3.99% (December 31, 2023 – 3.67% to 3.88%), and expected term of 1 to 3 years (December 31, 2023 – expected term of 1.50 to 3 years).

As at June 30, 2024 the First Tranche Warrants had a fair value that amounted to $4,000 (December 31, 2023 - $24,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the First Tranche Warrants using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 110.0% (December 31, 2023 – 100.0%), risk free rate of return 4.90% (December 31, 2023 – 4.23%), and expected term of 1.50 years (December 31, 2023 – expected term of 2 years).

As at June 30, 2024 the Second Tranche Warrants had a fair value that amounted to $3,000 (December 31, 2023 - $15,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 105.0% (December 31, 2023 – 105.0%), risk free rate of return 4.71% (December 31, 2023 – 4.12%), and expected term of 2.05 years (December 31, 2023 – expected term of 2.55 years).

As at June 30, 2024 the Third Tranche Warrants had a fair value that amounted to $32,000 (December 31, 2023 - $192,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Third Tranche Warrants using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 85.0% (December 31, 2023 – 107.5%), risk free rate of return 4.56% (December 31, 2023 – 3.98%), and expected term of 2.80 years (December 31, 2023 – expected term of 3.30 years).

As at June 30, 2024 the Fourth Tranche Warrants had a fair value that amounted to $107,000 (December 31, 2023 - $724,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fourth Tranche Warrants using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 85.0% (December 31, 2023 – 107.5%), risk free rate of return 4.54% (December 31, 2023 – 3.97%), and expected term of 2.92 years (December 31, 2023 – expected term of 3.42 years).

As at June 30, 2024 the Fifth Tranche Warrants had a fair value that amounted to $191,000 (February 21, 2024 - $564,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.088 (February 21, 2024 - $0.21), dividend yield – nil (February 21, 2024 – nil), expected volatility 85.0% (February 21, 2024 – 105.0%), risk free rate of return 4.51% (February 21, 2024 – 4.40%), and expected term of 3.14 years (February 21, 2024 – expected term of 3.50 years).

As at June 30, 2024 the Sixth Tranche Warrants had a fair value that amounted to $117,000 (April 11, 2024 - $242,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.088 (April 11, 2024 – $0.16), dividend yield – nil (April 11, 2024 – nil), expected volatility 85.0% (April 11, 2024 – 95.0%), risk free rate of return 4.49% (April 11, 2024 – 4.73%), and expected term of 3.28 years (April 11, 2024 – expected term of 3.50 years).

As at June 30, 2024 the Seventh Tranche Warrants had a fair value that amounted to $297,000 (May 22, 2024 - $369,000). As at June 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.088 (May 22, 2024 – $0.10), dividend yield – nil (May 22, 2024 – nil), expected volatility 85.0% (May 22, 2024 – 95.0%), risk free rate of return 4.48% (May 22, 2024 – 4.60%), and expected term of 3.39 years (May 22, 2024 – expected term of 3.50 years).

Debenture Convertible Feature

As at June 30, 2024 the fair value of the First Tranche Debentures' convertible feature amounted to $6,000 (December 31, 2023 – $164,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 110.0% (December 31, 2023 – 100.0%), risk free rate of return 5.33% (December 31, 2023 – 5.03%), discount rate 20.25% (December 31, 2023 – 17.50%), and expected term of 0.50 year (December 31, 2023 – 1 year).

As at June 30, 2024 the fair value of the Second Tranche Debentures' convertible feature amounted to $5,000 (December 31, 2023 – $429,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.088 (December 31, 2023 – $0.47), dividend yield – nil December 31, 2023 – nil), expected volatility 105.0% (December 31, 2023 – 105.0%), risk free rate of return 5.09% (December 31, 2023 – 4.51%), discount rate 20.00% (December 31, 2023 – 17.50%), and expected term of 1.05 years (December 31, 2023 – 1.55 years).

As at June 30, 2024 the fair value of the Fourth Tranche Debentures' convertible feature amounted to $430,000 (December 31, 2023 – $640,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.088 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 85.0% (December 31, 2023 – 107.5%), risk free rate of return 4.71% (December 31, 2023 – 4.12%), discount rate 19.75% (December 31, 2023 – 17.25%), and expected term of 1.92 years (December 31, 2023 – 2.42 years).

As at June 30, 2024 the fair value of the Fifth Tranche Debentures' convertible feature amounted to $327,000 (February 21, 2024 - $359,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.088 (February 21, 2024 – $0.21), dividend yield – nil (February 21, 2024 – nil), expected volatility 85.0% (February 21, 2024 – 105.0%), risk free rate of return 4.62% (February 21, 2024 – 4.54%), discount rate 19.50% (February 21, 2024 – 16.00%), and expected term of 2.14 years (February 21, 2024 – 2.50 years).

As at June 30, 2024 the fair value of the Sixth Tranche Debentures' convertible feature amounted to $80,000 (April 11, 2024 - $198,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.088 (April 11, 2024 – $0.16), dividend yield – nil (April 11, 2024 – nil), expected volatility 85.0% (April 11, 2024 – 95.0%), risk free rate of return 4.62% (April 11, 2024 – 4.85%), discount rate 19.50% (April 11, 2024 – 19.00%), and expected term of 2.28 years (April 11, 2024 – 2.50 years).

On June 17, 2024, the Investors converted the full principal balance of the Seventh Tranche Debenture which resulted in an extinguishment of the existing debt and convertible feature. On May 22, 2024 the fair value of the Seventh Tranche Debentures' convertible feature amounted to $297,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.10, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.75%, discount rate 19.00%, and expected term of 2.50 years.

The IPO Warrants, Rep Warrants, and Private Placement Warrants (the "Equity Warrants") are classified as Level 1 financial instruments, while the Debenture Warrants and Debenture Convertible Feature are classified as Level 3 financial instruments.

Changes in the fair value of the Company's financial instruments for the nine months ended June 30, 2024 and 2023 were as follows:

	Level 1	Level 3	Level 3	
	IPO and Rep Warrants	**Debenture Warrants**	**Debenture Convertible Feature**	**Total**
Balance at January 1, 2024	$ 11,308	$ 955,000	$ 1,724,000	$ 2,690,308
Additions	-	1,175,000	854,000	2,029,000
Conversions	-	-	(2,297,316)	(2,297,316)
Change in fair value	21,195	(1,346,430)	632,309	(692,926)
Effect of exchange rate changes	(563)	(32,570)	(64,993)	(98,126)
Balance at June 30, 2024	$ 31,940	751,000	848,000	1,630,940

	Level 1	Level 3	Level 3	
	Equity Warrants	**Debenture Warrants**	**Debenture Convertible Feature**	**Total**
Balance at January 1, 2023	$ 275,115	$ 2,917,000	$ 1,457,000	$ 4,649,115
Additions	45,120	2,378,000	1,599,000	4,022,120
Conversions	-	-	(194,492)	(194,492)
Change in fair value	(167,527)	(4,579,136)	(1,086,362)	(5,833,025)
Effect of exchange rate changes	8,903	(10,864)	29,854	27,893
Balance at June 30, 2023	$ 161,611	$ 705,000	$ 1,805,000	$ 2,671,611

Due to the expiry date of the warrants and conversion feature being greater than one year, the liabilities have been classified as non-current.

12. SHARE CAPITAL

On June 17, 2024 the Company's Board of Directors authorized a share repurchase program (the "Repurchase Program") under which the Company may repurchase up to $1 million of its outstanding common shares, for a period of six months, subject to contractual requirements. As at June 30, 2024, no shares have been repurchased under the Repurchase Program.

On June 30, 2024, the Company owed $86,432 worth of stock-based compensation to Company officers. The balance issuable was classified as an *Obligation to issue shares*.

Basic and diluted net loss per share represents the loss attributable to shareholders divided by the weighted average number of shares and prefunded warrants outstanding during the period on an as converted basis.

Potentially dilutive securities that are not included in the calculation of diluted net loss per share because their effect is anti-dilutive are as follows (in common equivalent shares):

	June 30, 2024	June 30, 2023
Warrants	13,825,979	270,762
Options	61,712	26,779
Convertible debentures	33,332,440	905,011
Total anti-dilutive weighted average shares	47,220,131	1,202,552

13. REVENUE

For the six months ended June 30, 2024, the Company sold hydroxyl generating devices. The Company's revenue from the hydroxyl generating devices sales are as follows:

	June 30, 2024	June 30, 2023
QuadPro devices	$ 41,315	$ -
	$ 41,315	$ -

14. LEASES

The components of lease expenses were as follows:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating lease cost	$ -	$ 145,795
Short-term lease cost	58,576	3,479
Total lease expenses	$ 58,576	$ 149,274

On March 31, 2024, the Company terminated its short-term office lease.

15. COMMITMENTS AND CONTINGENCIES

Debenture principal repayments

The following table summarizes the future principal payments related to our outstanding debt as of June 30, 2024:

Remaining 2024	$ 996,000
2025	1,800,500
2026	352,000
	$ 3,148,500

Contingencies

Litigation

On August 11, 2023, AgriFORCE's former CEO, Ingo Wilhelm Mueller filed a Notice of Civil Claim in which he alleges that AgriFORCE wrongfully terminated his employment without notice, in breach of the parties' underlying employment agreement. Mr. Mueller alleges to have suffered damages including, among other things, a loss of base salary of $473,367 CAD per annum and damages from not receiving common stock of AgriFORCE equivalent in value to $468,313 CAD. AgriFORCE's position is that Mr. Mueller was terminated for 'just cause' because he breached his fiduciary duty to act in AgriFORCE's best interest by, among other things, submitting a sizeable bid for the acquisition of a company without first obtaining Board approval. In doing so, Mr. Mueller misrepresented AgriFORCE's financial standing and forged, or instructed others to forge, a document by affixing the electronic signature of AgriFORCE's CFO.

As at December 31, 2023, the parties were in the discovery stage of litigation. AgriFORCE has produced relevant documents to Mr. Mueller, and is awaiting Mr. Mueller's production of relevant documents. The parties are also in the process of scheduling examinations for discovery. Management is instructing counsel to advance the matter given the relative strength of AgriFORCE's case.

The likelihood of an unfavorable outcome is relatively low given the facts supporting AgriFORCE's 'for cause' termination of Mr. Mueller as well as the significant expense that Mr. Mueller would have to incur to advance this matter to trial.

On September 31, 2023, Stronghold filed a Complaint with the Superior Court of California for Breach of Contract; Breach of the Covenant of Good Faith and Fair Dealing; and Common Count: Goods and Services Rendered in relation to the purchase and sale agreement for the Coachella property. Stronghold alleges that AgriFORCE breached the PSA by failing to deposit certain stocks certificates into Escrow, failing to pay amounts owed for its costs incurred in connection with the Sellers Work, and for terminating the PSA despite Stronghold's performance of the Sellers Work. Stronghold is claiming $451,684 plus interest in damages based on invoices it provided. AgriFORCE will dispute, among other things, the amount and invoices, estimating approximately $230,000 as Stronghold's true expenses that may be claimed. The Company filed their answer on February 26, 2024. The trial date has not been set for this case.

On March 27, 2024, BV Peeters Advocaten-Avocats ("Peeters") summoned the Company to appear on May 31, 2024 at the First Chamber of the Dutch-Speaking Division of the Business Court in Brussels. Peeters is seeking payment for €467,249 of unpaid bills for legal services plus penalties and interest. The Company believes that Peeters performed actions that were not in the Company's best interest. The Company does not intend to pay the outstanding legal bills and intends to vigorously defend its position in court. The parties have agreed to go into mediation.

On July 11, 2024, AgriFORCE's former General Counsel filed a Notice of Civil Claim with the Supreme Court of British Columbia, in which he alleges that AgriFORCE wrongfully terminated his employment without notice, in breach of the parties' underlying employment agreement. Former General Counsel alleges to have suffered damages including, among other things, a loss of base salary of $250,000 CAD per annum, damages from not receiving common stock of AgriFORCE equivalent in value to $62,500 CAD, and damages from not receiving entitlement to the Company's short-term incentive bonus of $90,563 CAD and participation in the Company's long-term incentive stock option program, and participation in the Company's Group Benefits plan. The Company filed a response to the claim on August 2, 2024. AgriFORCE's position is that General Counsel was terminated for 'just cause'. The likelihood of an unfavorable outcome cannot be determined at this time but the Company will vigorously defend its position in court.

16. SUBSEQUENT EVENTS

The Company evaluated subsequent events through August 13, 2024, the date on which these interim financial statements were issued, to ensure that this filing includes appropriate disclosure of events both recognized in the interim financial statements as of and subsequent to June 30, 2024, but were not recognized in the interim financial statements. Except as disclosed below, there were no events that required recognition, adjustment or disclosure in the financial statements.

From July 1, 2024 through August 13, 2024, the Company issued 7,500,000 common shares upon conversion of convertible debt and conversion of convertible debt in lieu of repayment in cash (principal and interest of $750,000).

From July 1, 2024 through August 13, 2024, the Company issued 509,442 common shares as part of compensation to Company officers.

As of July 16, 2024, 64,486 Company warrants issued as part of its IPO expired.

On July 1, 2024, the Board of Directors of the Company approved the following compensation for its Chairman, David Welch:

David Welch, shall be compensated, effective July 1, 2024, in addition to the Board fees he is currently receiving, $45,000 per annum in cash, and restricted stock units ("RSUs") valued at $50,000 for each acquisition and/or joint venture transaction which is consummated.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Prospective investors should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements." You should review the "Risk Factors" section of this Annual Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Company History and Our Business

Overview

AgriFORCE™ was incorporated as a private company by Articles of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on December 22, 2017. The Company's registered and records office address is at 800 – 525 West 8th Avenue, Vancouver, BC, Canada, V5Z 1C6.

Our Business

AgriFORCE™ is an "Ag-Tech" company with a primary focus to developing and utilizing our intellectual property assets for improvements dedicated to the agricultural industry. We believe that this goal is best achieved by using our proprietary IP for solutions in the agricultural industry as well as seeking development of new IP to both enhance the technology which we already retain in house as well as development of new technologies which can increase our footprint in the Ag-Tech space with expansion into other areas which have ESG ramifications.

Our AgriFORCE™ Brands division is focused on the development and commercialization of plant-based ingredients and products that deliver more nutritious food. We will market and commercialize ingredient supplies, like our Awakened Flour™ and Awakened Grains ™.

The AgriFORCE™ Solutions division is dedicated to transforming modern agriculture through our controlled environment agriculture ("CEA") equipment, including our FORCEGH+™" solution. We are continuing to modify our business plan to accommodate artificial intelligence and blockchain in the development and implementation of FinTech systems to commercial farmers, and advancing on the commercialization of our Hydroxyl clean room systems to greatly reduce the spread of pathogens, mold and disease at processing facilities worldwide.

AgriFORCE™ Brands

UN(THINK)™ Foods

The Company purchased Intellectual Property ("IP") from Manna Nutritional Group, LLC ("Manna"), a privately held firm based in Boise, Idaho on September 10, 2021. The IP encompasses a granted patent to naturally process and convert grain, pulses and root vegetables, resulting in low-starch, low-sugar, high-protein, fiber-rich baking flour as well as produces a natural sweetener juice. The core process is covered under Patent Nr. 11,540,538 in the U.S. and key international markets. The all-natural process is designed to unlock nutritional properties, flavors, and other qualities in a range of modern, ancient and heritage grains, pulses and root vegetables to create specialized all-natural baking and all-purpose flours, sweeteners, juices, naturally sweet cereals and other valuation products, providing numerous opportunities for dietary nutritional, performance and culinary applications.

During the year ended December 31, 2023, the Company has achieved milestones towards the commercialization of our UN(THINK) Awakened Flour™ flour, the Company's first line of products to utilize the IP. Management has defined and tested its quality controls and safety protocols for production, and produced several multi-ton batches of germinated grains, refining and scaling production processes with our partners in Canada. We are also in the process of qualifying partners in the US to establish additional production hubs – at no additional CAPEX - which will support growth and reduce logistics costs for customers in the region. Additionally, we have established our supply chain logistics with a contracted shipping company and two warehouses in Canada and the US. Our commercial team made progress in defining pricing and is starting to approach US and Canadian Bakeries and Baked Goods Companies who are now testing our new flours for integration into their manufacturing operations and innovation pipeline. Online sales logistics and advertising materials were developed during the period to support the establishment of the direct-to-consumer sales channel which will be started once the Business to Business channel sales will ramp up. Lastly, the Company has developed an extensive number of recipes for the application of Awakened Flour™ product line for both customers and consumers.

The Company is developing several finished product prototypes including a line of pancake mixes, which are ready for consumer testing.

Wheat and Flour Market

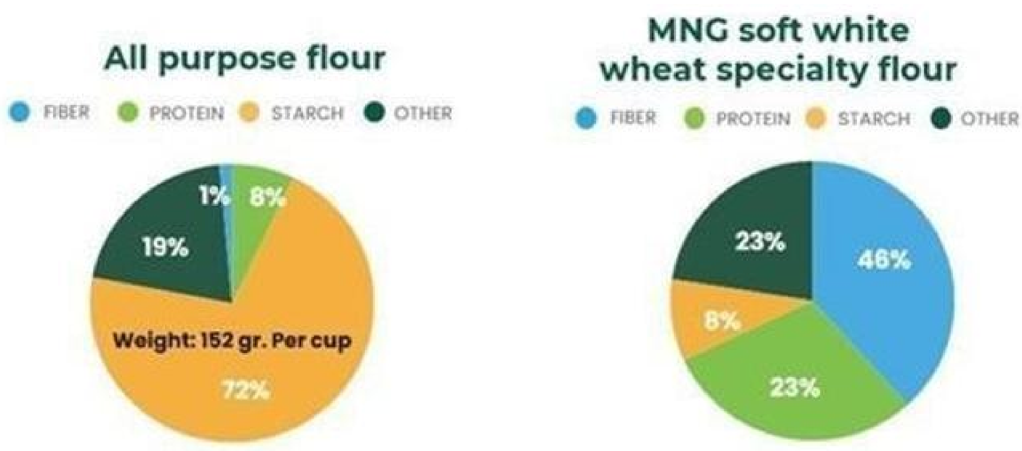
Modern diet is believed to be a contributor to health risks such as heart disease, cancer, diabetes and obesity, due in part to the consumption of highly processed foods that are low in natural fiber, protein and nutrition; and extremely high in simple starch, sugar and calories. These "empty carbs" produce glycemic swings that may cause overeating by triggering cravings for food high in sugar, salt and starch. As an example, conventional baking flour is low in natural fiber (~ 2-3%), low-to-average in protein (~ 9%), and very high in starch (~ 75%)[(1)]. Apart from dietary fiber, whole flour is only marginally better in terms of these macronutrients [(2)].

In contrast, foods high in fiber help to satiate hunger, suppress cravings and raise metabolism[(3)]. They also assist in weight loss, lower cholesterol, and may reduce the risk of cancer, heart disease and diabetes[(4)].

Advantages of the UN(THINK)™ Foods IP

Our Controlled Enzymatic Reaction & Endothermic Saccharification with Managed Natural Germination ("CERES-MNG") patented process allows for the development and manufacturing of all-natural flours that are significantly higher in fibers, nutrients and proteins and significantly lower in carbohydrates and calories than standard baking flour.

CERES-MNG baking flour produced from soft white wheat has 40 times more fiber, three (3) times more protein and 75% less net carbohydrates than regular all- purpose flour[(5)].



Source: Independent analysis by Eurofins Food Chemistry Testing Madison, Inc, February 2022

The CERES-MNG patent will help develop new flours and products from modern, ancient and heritage grains, seeds, legumes and tubers/root vegetables.

Products that AgriFORCE™ intends to develop for commercialization from the CERES-MNG patented process under the UN(THINK)™ foods brand:

- High protein, high fiber, low carb modern, heritage and ancient grain flours (for use in breads, baked goods, doughs, pastry, snacks, and pasta)
- Protein flours and protein additives
- High protein, high fiber, low carb cereals and snacks
- High protein, high fiber, low carb oat based dairy alternatives
- Better tasting, cleaner label, high protein, high fiber, low carb nutrition bars
- High protein, high fiber, low carb nutrition juices
- Sweeteners – liquid and granulated
- High protein, high fiber, low carb pet foods and snacks

(1) Based on protein, fiber, and starch content results from a nationally certified independent laboratory, as compared to standard all-purpose flour.
(2) https://www.soupersage.com/compare-nutrition/flour-vs-whole-wheat-flour
(3) https://my.clevelandclinic.org/health/articles/14400-improving-your-health-with-fiber
(4) https://www.health.harvard.edu/blog/fiber-full-eating-for-better-health-and-lower-cholesterol-2019062416819
(5) Based on protein, fiber, and starch content results from a nationally certified independent laboratory, as compared to standard all-purpose flour.

We intend to commercialize these products behind three (2) main sales channels:

- Branded ingredients (B2B)
- Consumer branded products (B2B and B2C)

Successful commercialization of premium specialized products from the UN(THINK)™ foods IP and the capture of a small percentage share of the category is a notable business opportunity for AgriFORCE™.

	Breads & Bakery (2)	Whole Wheat Flours (1)	Pulse Flours (3)	Dairy Alternatives	Cereal Bars (4)	Total
Global market size of target categories	$ 235B	$ 72B	$ 19B	$ 23B	$ 23B	
Potential market share	0.1%	0.2%	1%	0.01%	0.01%	
AgriFORCE™ potential net revenues	**$ 200M**	**$ 140M**	**$ 190M**	**$ 20M**	**$ 20M**	$ 560M

Sources: Future Market Insights Reports, June 2022 (2), October 2022 (1), January 2023 (3) and October 2022 (4)

To produce the UN(THINK)™ power wheat flour, we are using our patented process to develop a new germinated whole grain wheat flour, which we have qualified and made available for sale through November 2023 in Canada and the USA, under the UN(THINK)™ Awakened Flour™ brand. This new Awakened Grains™ flour – available in 3 types: hard white wheat and hard red wheat for breads and soft white wheat for bakery and pastries – will provide enhanced nutrition with over five times more fiber, up to two times more protein and 23% less net carbs versus conventional all-purpose flour (source: Eurofins Food Chemistry Madison, Inc, December 2022).

GROWTH PLAN

AgriFORCE™'s organic growth plan is to actively establish and deploy the commercialization of products in four distinct phases:

PHASE 1 (COMPLETED):

- Product and process testing and validation. (*completed*)
- Filing of US and international patents. (*completed*)
- Creation of the UN(THINK)™ foods brand. (*completed*)
- Qualification and operational and commercial set up of the Awakened Grains™ line of products. (*completed*)

PHASE 2:

- Launch of the UN(THINK)™ Awakened Flour™ lightly germinated flour range of products in business to business ("B2B") channel. (*completed)*
- Develop range of finished products behind the wheat grain flours, qualify patented process for pulse/legume, and rice-based protein flours
- Drive business as ingredients for bakery, snack and plant-based protein products manufacturers.
- Develop relationships with universities, nonprofit organizations and civic organizations focused on health in underserved communities to research impact of patented flour on nutrition.

PHASE 3:

- Develop range of finished products behind the wheat grain flours, qualify patented process for pulse/legume, and rice-based protein flours.
- Drive business as ingredients for bakery, snack and plant-based protein products manufacturers.
- Develop manufacturing base through partnerships and licensing.

PHASE 4:

- Expand product range in US/Canada.
- Expand business to other geographies internationally.

AgriFORCE Solutions

Understanding Our Approach –Bringing Cutting Edge Technology to Enhance and Modernize Agriculture

Traditional farming includes three fundamental approaches: outdoor, greenhouse and indoor. We are taking modern technologies such as artificial intelligence (“AI”) and blockchain–based advances to bring what is traditionally a low technology industry into the 21st century. This approach means that we are able to reach into areas not readily available to agricultural businesses in the past, such as advanced Fintech to enhance financing capabilities for these businesses and more readily provide advanced intelligence for farmers. These technologies can also be applied to worldwide sourcing and matching food producers to consumers in an efficient manner.

Our intellectual property combines a patented uniquely engineered facility design and automated growing system to solve excessive water loss and high energy consumption, two problems plaguing nearly all controlled environment agriculture systems. FORCEGH+ delivers a patented clean, sealed, self-contained micro-environment that maximizes natural sunlight and offers supplemental LED lighting. It limits human intervention and is designed to provide superior quality control through AI optical technology. It was also created to drastically reduce environmental impact, substantially decrease utility demands, conserving water, while delivering customers daily harvests and higher crop yields.

The Ag-Tech sector is severely underserved by the capital markets, and we see an opportunity to acquire global companies who have provided solutions to the industry and are leading innovation moving forward. The robustness of our engagement with potential targets has confirmed our belief and desire to be part of a larger integrated Ag-Tech solutions provider, where each separate element of the business has its existing legacy business and can leverage across areas of expertise to expand their business footprint.

The Company intends to continue development and license its technology to existing farmers in the plant based pharmaceutical, nutraceutical, and high value crop markets using its unique patented facility design and hydroponics based automated growing system that enable farmers to effectively grow crops in a sealed controlled environment (“FORCEGH+™”). The Company has designed FORCEGH+™ facilities to produce crops in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible while substantially eliminating the need for the use of pesticides, fungicides and/or irradiation. The Company continues to develop its solution for fruits and vegetables focusing on the integration of its current structure with a new form of vertical grow technology.

BUSINESS PLAN

The Company will launch a full line up of Hydroxyl Devices and start commercializing the Hydroxyl Devises into the US market of CEA and Food Manufacturing. The Company will identify and establish exclusive distribution agreement for the EMEA region as well Expand Distribution Network into Latin America and Asia. The Company will also advance on the commercialization of our Hydroxyl clean room systems to greatly reduce the spread of pathogens, mold and disease at processing facilities worldwide.

The Company is exploring opportunities to utilize its patented FORCEGH+™ structure and its related technologies in joint ventures and licensing. The Company is also studying the utilization of FORCEGH+ technologies in arctic, tropical and desert environments. The Company intends to continue development of and license of its technology to existing farmers in the plant based pharmaceutical, nutraceutical, and high value crop markets using its unique patented facility design and hydroponics based automated growing system that enable farmers to effectively grow crops in a sealed controlled environment (“FORCEGH+™”).

The Company also looks to expand its efforts into development of blockchain solutions and the implementation of these solutions into FinTech systems to allow quicker and less costly transactions between commercial farmers.

The Company is exploring opportunities to utilize its patented FORCEGH+™ structure and its related technologies in joint ventures and licensing. The Company is also studying the utilization of FORCEGH+ technologies in arctic, tropical and desert environments and artificial intelligence and blockchain in the development and implementation of FinTech systems to commercial farmers, and advancing on the commercialization of our Hydroxyl clean room systems to greatly reduce the spread of pathogens, mold and disease at processing facilities worldwide.

The AgriFORCE Clean Solutions

The Company’s Solutions division is charged with the commercialization of our FORCEGH+ technology and our RCS clean room systems. The Company has also begun to advance its initiative to integrate blockchain in the development and implementation of FinTech systems for commercial farmers.

We have a worldwide license to commercialize the proprietary hydroxyl generating devices of Radical Clean Solutions, Inc. ("RCS") for the CEA and food manufacturing industries. The RCS technology is a product line consisting of patent-pending "smart hydroxyl generation systems" focused on numerous industry verticals that is proven to eliminate 99.99+% of all major pathogens, virus, mold, volatile organic compounds (VOCs) and allergy triggers(6).

On October 1, 2023, the Company signed a definitive agreement to purchase a 14% ownership stake in RCS.

The Company generated its first revenue from the sale of RCS devices in late 2023. During 2023, the Company signed an exclusive distribution agreement with a leading distributor of air conditioning and heating solutions in Mexico for the representation and sale of the AgriFORCE/RCS hydroxyl generating devices for greenhouses and food manufacturing facilities for the territory of Mexico. The first products were delivered in October 2023 pursuant to purchase orders for the products.

The Company will continue to expand sales into Mexico through its distributor, Commercializadora DESICO. Based on its sale into the poultry industry in Mexico, the Company is expanding its distribution of its Clean System solutions into other Latin American markets and the United States.

BUSINESS PLAN

2024

- Continue introduction into the Mexico market with our exclusive distributor
- Identify and set up exclusive distribution agreements for the EMEA region
- Start commercializing the Hydroxyl Devices into the US market of CEA and Food Manufacturing
- Launch full line up of Hydroxyl Devices : in-Duct HVAC unit, Portable Industrial QuadPro Unit, Small Rooms Wall-Mount unit

2025

- Expand Distribution Network into Latin America and Asia.

Merger and Acquisition ("M&A")

The Company plans to evaluate accretive M&A opportunities of an appropriate scale as it progresses with its ongoing business plans surrounding its already owned IP and improvements thereto. Any M&A propositions must be of a size and scale which works to complement the Company's ongoing business in terms of allocation of resources.

The Company intends to focus any M& A activity to targets which are focused in the Ag-Tech space with emphasis on businesses which can also increase our ESG footprint. This refocused M&A strategy will ensure that proper personnel and economic resources are allocated to the Company's ongoing businesses, while refocusing efforts on synergistic opportunities which work to enhance the Company's existing assets.

(6) BCI Labs, Gainesville Florida, February 2022; and various institutional studies.

Recent Developments

Management Restructuring

On January 25, 2024, Troy McClellan, President of AgriFORCE Solutions, submitted a letter of resignation to the Company. On January 25, 2024, the Company accepted his resignation and deemed it effective immediately pursuant to Section 7.3 of his employment agreement with the Company which permits waiver by the Company of Mr. McClellan's notice period (through March 31, 2024) and corresponding acceleration of the resignation date.

On February 10, 2024, Richard Wong resumed his original role as Chief Financial Officer in order to focus on finance and accounting matters for the Company. Effective as of the same day, Jolie Kahn was appointed Executive Turnaround Consultant to support the Company's operational growth and expansion efforts. On June 4, 2024, the Board Directors appointed Jolie Kahn as Chief Executive Officer. Jolie Kahn shall report to David Welch, Chairman of the Board of Directors of the Company, who shall act as Executive Chairman until such time as a permanent Chief Executive Officer is appointed.

On February 19, 2024, Margaret Honey resigned as a Director of (the "Company") to pursue other interests. The resignation is not the result of any disagreement with the Company.

On June 4, 2024, the Board of Directors of the Company appointed Jolie Kahn as Chief Executive Officer. Previously, on February 10, 2024, Jolie Kahn was appointed Executive Turnaround Consultant to support the Company's operational growth and expansion efforts. Jolie Kahn will continue to support these efforts and to report to David Welch, Chairman of the Board of Directors of the Company, who shall act as executive chairman.

Share Repurchase Program

On June 17, 2024, the Company's Board of Directors authorized a share repurchase program (the "Repurchase Program") under which the Company may repurchase up to $1 million of its outstanding common shares, for a period of six months, subject to contractual requirements. The Board will periodically review the Company's Repurchase Program and may decide to extend its term or increase the authorized amount.

Status as an Emerging Growth Company

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions from, without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of our fiscal year following the fifth anniversary of the closing of the initial public offering, (b) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (c) the last day of our fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or Exchange Act (which would occur if the market value of our equity securities that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter), or (d) the date on which we have issued more than $1 billion in nonconvertible debt during the preceding three-year period.

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

Results of Operations

The following discussion should be read in conjunction with the condensed unaudited financial statements for the interim periods ended June 30, 2024 and 2023 included in this report.

Revenues

The Company sells its products directly to customers and indirectly to customers through sales brokers.

During the three and six months ended June 30, 2024, the Company sold and delivered 8 hydroxyl generating devices for gross sales of $41,315. There were no such sales in the three and six months ended June 30, 2023.

Operating Expenses

Operating expenses primarily consist of wages and salaries, professional fees, consulting, office and administration, investor and public relations, research and development, and share-based compensation.

Operating expenses decreased during the three months ended June 30, 2024 as compared to June 30, 2023 by $1,737,754 or 60% primarily due to the following:

- Consulting and professional fees decreased by $592,624 and $301,647, respectively due to a significant decrease in M&A spending during the three months ended June 30, 2024 as a result of the Company focusing on organic growth of currently active ventures.
- Wages and salaries decreased by $468,310 due to a reduction in staff head count (number of employees reduced from 15 during the three months ended June 30, 2023 to 7 during the three months ended June 30, 2024).
- Share based compensation decreased $166,375 due to a significant number of option forfeitures from lower staff head count.
- Investor and public relations expenses decreased by $104,581 due to more investor and public relations advisory services utilized in 2023 for Company campaigns and communication to investors.
- Lease expense decreased $58,788 due to the termination of the Company's long term office lease in 2023.
- Travel and entertainment decreased by $25,006 due to a reduction in travel for foreign business development.
- All other items aggregate to $20,423

Operating expenses decreased during the six months ended June 30, 2024 as compared to June 30, 2023 by $3,251,158 or 57% primarily due to the following:

- Wages and salaries decreased by $995,240 due to a reduction in staff head count (number of employees reduced from 15 during the six months ended June 30, 2023 to 7 during the six months ended June 30, 2024).
- Consulting and professional fees decreased by $698,824 and $418,621, respectively due to a significant decrease in M&A spending during the six months ended June 30, 2024 as a result of the Company focusing on organic growth of currently active ventures.
- Share based compensation decreased $422,526 due to a significant number of option forfeitures from lower staff head count.
- Investor and public relations expenses decreased by $347,219 due to more investor and public relations advisory services utilized in 2023 for Company campaigns and communication to investors.
- Travel and entertainment decreased by $92,967 due to a reduction in travel for foreign business development.
- Lease expense decreased $90,698 due to the termination of the Company’s long term office lease in 2023.
- Sales and marketing decreased by $86,500 due to significant reductions in public relations agency work and social media contracted fees from cost cutting initiatives.
- Office and administrative decreased by $49,271 due to overall cost cutting initiatives for the six months ended June 30, 2024.
- Research and development decreased by $45,264 due to limited research services procured during 2024 as compared to expenditures for UN(THINK) product development during the six months ended June 30, 2024
- All other items aggregate to $4,028

Other Expenses / (Income)

Other expense for the three months ended June 30, 2024 increased due to the following:

- Change in fair value of derivative liabilities decreased by $1,742,298 due to the Company’s stock price stabilizing during the period between March 31, 2024 and June 30, 2024, resulting in the smaller revaluation adjustment as at June 30, 2024.
- Increase in loss on debt extinguishment increased by $1,887,936 as a result of unscheduled conversions of debentures into the Company’s common shares which triggered extinguishments of debt due to the change of the fair value of the debt after the conversions. There were no debt extinguishments during the three months ended June 30, 2024.
- Loss on conversion of convertible debt increased by $1,105,848 due to a significant amount of unscheduled conversions that were issued at a higher premium above the exercise price compared to shares issued during the three months ended June 30, 2023.

This was partially offset by the following:

- Accretion interest on debentures decreased by $1,268,932 due to a significant amount of debentures being converted to shares during 2024, resulting in less interest accreted during the three months ended June 30, 2024.
- All other items aggregate to $16,685.

Other expense for the six months ended June 30, 2024 increased due to the following:

- Change in fair value of derivative liabilities decreased by $5,140,099 due to (1) the draw down as well as the extinguishment of conversion feature derivatives as a result of significant conversions of several tranches of debentures, and (2) the Company’s stock price stabilizing during the period between December 31, 2023 and June 30, 2024, resulting in the smaller revaluation adjustment as at June 30, 2024.
- Increase in loss on debt extinguishment by $2,298,369 as a result of unscheduled conversions of debentures into the Company’s common shares which triggered extinguishments of debt due to the change of the fair value of the debt after the conversions. There were no debt extinguishments during the six months ended June 30, 2024.
- Increase in loss on conversion of convertible debt by $958,877 due to a significant amount of unscheduled conversions that resulted in shares issued at a higher premium above the exercise price compared to shares issued during the six months ended June 30, 2023.
- All other items aggregate to $11,331.

This was partially offset by the following:

- Accretion interest on debentures decreased by $1,777,197 due to a significant amount of debentures being converted to shares during 2024, resulting in less interest accreted during the six months ended June 30, 2024.
- Foreign exchange gain increased by $59,963 due to increasing USD to CAD rate throughout the six months ended June 30, 2024.

Liquidity and Capital Resources

The Company's primary need for liquidity is to fund working capital requirements, capital expenditures, and for general corporate purposes. The Company's ability to fund operations and make planned capital expenditures and debt service obligations depends on future operating performance and cash flows, which are subject to prevailing economic conditions, financial markets, business and other factors. We have recorded a net loss of $7,559,799 for the six months ended June 30, 2024, and a net loss of $4,247,025 for the six months ended June 30, 2023. We have recorded an accumulated deficit of $52,067,103 as of June 30, 2024 and $44,507,304 as of December 31, 2023. Net cash used in operating activities for the six months ended June 30, 2024 and June 30, 2023 was $2,228,537 and $4,339,996 respectively.

The Company held $2,937,496 in cash at June 30, 2024 as compared to $3,878,578 at December 31, 2023.

Our future capital requirements will depend on many factors, including:

- the cost and timing of our regulatory activities, especially the process to obtain regulatory approval for our intellectual properties in the U.S. and in foreign countries
- the costs of R&D activities we undertake to further develop our technology
- the costs of constructing our grow houses, including any impact of complications, delays, and other unknown events
- the costs of commercialization activities, including sales, marketing and production
- the level of working capital required to support our growth
- our need for additional personnel, information technology or other operating infrastructure to support our growth and operations as a public company
- completion of planned acquisitions

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company is at the stage of development of its first facility and other IP. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company's ability to continue as a going concern.

For the next twelve months from issuance of these financial statements, the Company will seek to obtain additional capital through the sale of debt or equity financings or other arrangements to fund operations; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing shareholders and newly issued shares may contain senior rights and preferences compared to currently outstanding common shares. Issued debt securities may contain covenants and limit the Company's ability to pay dividends or make other distributions to shareholders. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the Company's ability to raise capital, management believes that there is substantial doubt in the Company's ability to continue as a going concern for twelve months from the issuance of these financial statements.

Cash Flows

The net cash used by operating activities for the six months ended June 30, 2024 was $2,228,537 compared to $4,339,996 for the six months ended June 30, 2023. The decrease of $2,111,459 was primarily due to the following:

- Decrease in net loss of $3,312,774 due to operating expenses noted above.
- Decrease in cash flow adjustments of $438,132 for share based compensation due to forfeiture of stock options by departed employees.
- Decrease of $1,658,782 in amortization of debt issuance costs for less interest recorded on debentures as the carrying value of the debentures were lower as at June 30, 2024 compared to June 30, 2023.
- Increase in prepaid expenses and other current assets used in operating activities of $413,055 due to utilization of consulting retainers and prepaid insurance during June 30, 2024 with minimal additional retainers and prepaid expenses added.
- Decrease in accounts payable and accrued liabilities of $672,680 due to the Company paying down its higher aged trade payables balance during the six months ended June 30, 2024.

This was partially offset by the following:

- Non-cash change in fair value of derivative liabilities decreased by $5,140,099 due to (1) the draw down as well as the extinguishment of conversion feature derivatives as a result of significant conversions of several tranches of debentures, and (2) the Company's stock price stabilizing during the period between December 31, 2023 and June 30, 2024, resulting in the smaller revaluation adjustment as at June 30, 2024.
- Increase in loss on debt extinguishment cash adjustment by $2,298,369 as a result of unscheduled conversions of debentures into the Company's common shares which triggered extinguishments of debt due to the change of the fair value of the debt after the conversions. There were no debt extinguishments during the six months ended June 30, 2023.
- Increase in loss on conversion of convertible debt cash adjustment by $958,877 due to a significant amount of unscheduled conversions that resulted in shares issued at a higher premium above the exercise price compared to shares issued during the six months ended June 30, 2023.
- All other items aggregate to $209,537.

Net cash provided by financing activities for the six months ended June 30, 2024, represents net proceeds from debentures of $2,250,000. This was partially offset by repayments on convertible debentures of $802,282 and financing costs of debentures of $84,463. Net cash provided by financing activities for the six months ended June 30, 2023, represents net proceeds from debentures of $4,615,385 as well as common shares issued for cash of $565,741. This was partially offset by repayments on convertible debentures of $1,741,950, financing costs of debentures of $325,962 and share issuance costs of $16,142.

Recent Financings

On January 17, 2023, the Debenture Investors purchased additional tranches totaling $5,076,923 and received 53,226 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $62.00 and expire on July 17, 2025. The issuance of the additional tranches triggered the down round provision, adjusting the exercise prices of the First Tranche Debentures and the First Tranche Debenture Warrants to $62.00.

On June 20, 2023 the Company issued 20,000 common shares with 20,000 warrants through a private placement for consideration of $250,000.

Between June 7, 2023 and August 30, 2023, the Company issued 124,652 common shares for cash under the ATM public offerings agreement for net proceeds of $939,695. The issuance triggered the down round provision, adjusting the exercise prices of the First and Second Tranche Debentures as well as the First and Second Tranche Debenture Warrants to $5.50.

On October 18, 2023, a Debenture Investor purchased an additional tranche totaling $2,750,000 in convertible debentures and received 620,230 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $2.62 and expire on April 18, 2027. The issuance of the additional tranche further triggered the down round provision, adjusting the exercise prices of the First and Second Tranche Debentures as well as the First and Second Tranche Debenture Warrants to $2.62.

On November 30, 2023, a Debenture Investor purchased an additional tranche totaling $2,750,000 in convertible debentures and received 1,986,112 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $0.90 and expire on May 30, 2027. The issuance of the additional tranche further triggered the down round provision, adjusting the exercise prices of the First, Second and Third Tranche Debentures as well as the First, Second and Third Tranche Debenture Warrants to $0.90.

On February 21, 2024, a Debenture Investor purchased an additional tranche totaling $1,100,000 in convertible debentures and received 3,341,122 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $0.214 and expire on August 21, 2027. The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, and Fourth tranche of Debentures and the First, Second, Third, Fourth tranche of Debenture Warrants to $0.214.

On April 11, 2024, a Debenture Investor purchased an additional tranche totaling $550,000 in convertible debentures and received 2,193,253 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $0.163 and $0.18, respectively and expire on October 11, 2027. The issuance of the additional tranche triggered the down round provision, adjusting the conversion prices of the First, Second, Third, Fourth and Fifth Tranche Debentures and the exercise prices of the First, Second, Third, Fourth and Fifth Tranche Warrants to $0.163.

On May 22, 2024, a Debenture Investor purchased an additional tranche totaling $833,000 in convertible debentures and received 5,414,500 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $0.10 and $0.11, respectively and expire on November 22, 2027. The issuance of the additional tranche triggered the down round provision, adjusting the conversion prices of the First, Second, Third, Fourth, Fifth and Six Tranche Debentures and the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $0.10.

Off Balance Sheet Arrangements

None.

Significant Accounting Policies

See the footnotes to our unaudited financial statements for the six months ended June 30, 2024 and 2023, included with this quarterly report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2023. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework in the 2013 COSO framework. Based on this assessment, management concluded that our disclosure controls and procedures were effective.

Changes in Internal Controls.

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Note 15 to the unaudited condensed consolidated financial statements included under Part I, Item 1 of this report.

Item 1A. Risk Factors

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company had the following sales of unregistered securities during the three months ended June 30, 2024:

77,999,099 common shares were issued upon conversion of convertible debt.

345,013 common shares were issued as part of compensation to Company officers.

142,310 common shares were issued to consultants.

6,425 common shares were issued upon conversion of vested prefunded warrants.

On February 21, 2024, a Convertible Debt Investor purchased an additional tranche of $1,100,000 in convertible debentures and received 3,341,122 warrants. The convertible Debentures and Debenture Warrants were issued with an exercise price of $0.214. The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, and Fourth tranche of Debentures and the First, Second, Third, Fourth tranche of Debenture Warrants to $0.214.

On April 11, 2024, an Investor purchased an additional tranche of $550,000. The convertible debt and warrants were issued with an exercise price of $0.163 and $0.18, respectively. The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth and Fifth Tranche Debentures and the First, Second, Third, Fourth and Fifth Tranche Warrants to $0.163.

On May 22, 2024, an Investor purchased an additional tranche of $833,000. The convertible debt and warrants were issued with an exercise price of $0.10 and $0.11, respectively. The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Debentures and the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $0.10.

The Company had the following sales of unregistered securities from July 1, 2024 to August 13, 2024:

7,500,000 common shares were issued upon conversion of convertible debt.

509,442 common shares were issued as part of compensation to Company officers.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.ins	Inline XBRL Instance Document**
101.sch	Inline XBRL Taxonomy Schema Document**
101.cal	Inline XBRL Taxonomy Calculation Document**
101.def	Inline XBRL Taxonomy Linkbase Document**
101.lab	Inline XBRL Taxonomy Label Linkbase Document**
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document**
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Furnished herewith
** Filed herein

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		AGRIFORCE GROWING SYSTEMS, LTD.
Date: August 13, 2024	By:	*/s/ Jolie Kahn*
	Name:	Jolie Kahn
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: August 13, 2024	By:	*/s/ Richard Wong*
	Name:	Richard Wong
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Jolie Kahn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AgriFORCE Growing Systems, Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 13, 2024

By: */s/ Jolie Kahn*
Jolie Kahn
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Richard Wong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AgriFORCE Growing Systems, Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly for the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 13, 2024

By: */s/ Richard Wong*
Richard Wong
Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

About the Quarterly Report of AgriFORCE Growing Systems, Ltd. (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jolie Kahn, Executive Consultant (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

By: */s/ Jolie Kahn*
Jolie Kahn
Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

About the Quarterly Report of AgriFORCE Growing Systems, Ltd. (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Richard Wong, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

By: */s/ Richard Wong*
Richard Wong
Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.