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 September 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

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 November 19, 2024, the registrant has 155,029,573 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	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS			
Current			
Cash		$ 1,373,294	$ 3,878,578
Accounts receivable		163	-
Other receivable		23,646	30,859
Prepaid expenses and other current assets	4	499,682	272,872
Inventories	5	47,174	38,857
Total current assets		1,943,959	4,221,166
Non-current			
Property and equipment, net		2,612	11,801
Intangible assets, net	6	8,370,423	12,733,885
Goodwill		314,387	-
Lease deposit		48,206	63,708
Construction in progress		112,281	113,566
Investment	7	-	223,801
Total assets		$ 10,791,868	$ 17,367,927
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	8	$ 2,024,621	$ 1,942,011
Debentures	9	1,093,907	4,084,643
Contingent consideration payable - current		41,659	-
Contract liabilities	10	-	15,336
Total current liabilities		3,160,187	6,041,990
Non-current			
Other liabilities		25,165	25,684
Derivative liabilities	12	854,022	2,690,308
Contingent consideration payable – non-current		38,559	-
Long term loan	11	44,448	45,365
Total liabilities		4,122,381	8,803,347
Commitments and contingencies	16		
Shareholders' equity			
Common shares, no par value per share - unlimited shares authorized; 99,343,334 and 5,841,045 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively*	13	62,130,241	49,828,942
Additional paid-in-capital		2,964,795	3,472,444
Obligation to issue shares	13	44,214	97,094
Accumulated deficit		(57,914,468)	(44,507,304)
Accumulated other comprehensive loss		(555,295)	(326,596)
Total shareholders' equity		6,669,487	8,564,580
Total liabilities and shareholders' equity		$ 10,791,868	$ 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 September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	-	-	41,315	-
Cost of Sales	-	-	34,192	-
Gross profit	-	-	7,123	-
Operating expenses				
Wages and salaries	$ 486,521	$ 603,242	$ 1,205,741	$ 2,319,026
Consulting	177,215	147,190	363,411	1,032,210
Professional fees	112,361	277,694	442,090	1,026,044
Office and administrative	285,186	191,829	864,983	821,358
Investor and public relations	61,814	61,319	104,460	451,184
Depreciation and amortization	169,248	172,096	499,187	512,695
Share based compensation	63,552	80,537	127,674	565,861
Sales and marketing	20,281	11,242	96,107	173,568
Lease expense	782	73,261	59,358	222,535
Travel and entertainment	23,757	3,813	31,915	104,938
Shareholder and regulatory	13,431	35,857	98,880	114,674
Research and development	54,036	(27,046)	58,130	22,312
Intangible asset impairment (Note 6)	4,137,271	-	4,137,271	-
	5,605,455	1,631,034	8,089,207	7,366,405
Operating loss	(5,605,455)	(1,631,034)	(8,082,084)	(7,366,405)
Other expenses				
Accretion of interest on debentures (Note 9)	469,684	2,064,936	2,672,765	6,045,214
Loss on conversion of convertible debt (Note 9)	235,376	108,125	1,627,858	541,730
Loss on debt extinguishment (Note 9)	(75,119)	-	2,223,250	-
(Gain) loss on extinguishment of warrant liability	(14,769)	-	(14,769)	-
Change in fair value of derivative liabilities (Note 12)	(505,628)	(326,042)	(1,198,554)	(6,159,067)
Loss on long-term investment	97,488	-	97,488	-
Foreign exchange gain	63,834	25,472	(22,918)	(1,317)
Other loss	-	-	4,252	-
Write-off of inventory	-	-	38,470	-
Write-off of deposit (Note 4)	-	-	-	12,000
Other income	(28,956)	(10,472)	(102,762)	(64,887)
Net loss	$ (5,847,365)	$ (3,493,053)	$ (13,407,164)	$ (7,740,078)
Other comprehensive income (loss)				
Foreign currency translation	179,950	(226,286)	(228,699)	84,719
Comprehensive loss attributable to common shareholders	$ (5,667,415)	$ (3,719,339)	$ (13,635,863)	$ (7,655,359)
Basic and diluted net loss attributed to common share	$ (0.06)	$ (4,03)	$ (0.27)	$ (12.58)
Weighted average number of common shares outstanding – basic and diluted*	92,015,605	867,110	50,333,281	615,152

* 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 months ended September 30						
	Common shares		Additional paid-in-capital	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
	# of Shares*	Amount					
Balance, July 1, 2024	84,333,892	$ 61,085,023	$ 2,953,883	$ 86,432	$ (52,067,103)	$ (735,245)	$ 11,322,990
Shares issued for conversion of convertible debt	9,500,000	708,000	-	-	-	-	708,000
Shares issued for compensation	509,442	42,218	-	(42,218)	-	-	-
Shares issued for business combination	5,000,000	295,000	-	-	-	-	295,000
Share based compensation	-	-	10,912	-	-	-	10,912
Net loss	-	-	-	-	(5,847,365)	-	(5,847,365)
Foreign currency translation	-	-	-	-	-	179,950	179,950
Balance, September 30, 2024	99,343,334	$ 62,130,241	$ 2,964,795	$ 44,214	$ (57,914,468)	$ (555,295)	$ 6,669,487

	For the nine months ended September 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	87,499,099	11,332,607	-	-	-	-	11,332,607
Shares issued for compensation	854,455	115,639	-	(52,880)	-	-	62,759
Shares issued for consulting services	142,310	27,624	-	-	-	-	27,624
Shares issued for business combination	5,000,000	295,000	-	-	-	-	295,000
Shares issued on conversion of vested prefunded warrants	6,425	530,429	(530,429)	-	-	-	-
Share based compensation	-	-	22,780	-	-	-	22,780
Net loss	-	-	-	-	(13,407,164)	-	(13,407,164)
Foreign currency translation	-	-	-	-	-	(228,699)	(228,699)
Balance, September 30, 2024	99,343,334	$ 62,130,241	$ 2,964,795	$ 44,214	$ (57,914,468)	$ (555,295)	$ 6,669,487

For the three months ended September 30

	Common shares # of Shares*	Common shares Amount	Additional paid-in-capital	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity
Balance, July 1, 2023	454,335	$ 33,086,067	$ 11,478,156	$ 97,837	$ (37,021,119)	$ (331,705)	$ 7,309,236
Shares issued for conversion of convertible debt	422,104	3,013,171	-	-	-	-	3,013,171
Shares issued for compensation	31,890	205,678	-	(53,623)	-	-	152,055
Shares issued for cash, net of issuance costs	103,177	640,096	-	-	-	-	640,096
Shares issued for consulting services	350	27,150	-	-	-	-	27,150
Shares issued on conversion of vested prefunded warrants	59,660	4,919,568	(4,919,568)	-	-	-	-
Share based compensation	-	-	(72,056)	-	-	-	(72,056)
Net loss	-	-	-	-	(3,493,053)	-	(3,493,053)
Foreign currency translation	-	-	-	-	-	(226,286)	(226,286)
Balance, September 30, 2023	1,071,516	$ 41,891,730	$ 6,486,532	$ 44,214	$ (40,514,172)	$ (557,991)	$ 7,350,313

For the nine months ended September 30

	Common shares # of Shares*	Common 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	472,431	4,756,872	-	-	-	-	4,756,872
Shares issued for compensation	35,007	311,190	-	44,214	-	-	355,404
Shares issued for cash, net of issuance costs	124,652	939,695	-	-	-	-	939,695
Shares issued in private placement	20,000	204,880	-	-	-	-	204,880
Shares issued for consulting services	900	80,885	-	-	-	-	80,885
Shares issued on conversion of vested prefunded warrants	102,610	8,455,446	(8,455,446)	-	-	-	-
Cancelled prefunded warrants	-	-	(2,085,960)	-	-	-	(2,085,960)
Share based compensation	-	-	211,243	-	-	-	211,243
Net loss	-	-	-	-	(7,740,078)	-	(7,740,078)
Foreign currency translation	-	-	-	-	-	84,719	84,719
Balance, September 30, 2023	1,071,516	$ 41,891,730	$ 6,486,532	$ 44,214	$ (40,514,172)	$ (557,991)	$ 7,350,313

* 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 CASH FLOWS (Unaudited)
(Expressed in US Dollars)

	Note	For the nine months ended September 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (13,407,164)	$ (7,740,078)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		499,187	512,695
Impairment of intangible asset		4,137,271	-
Share based compensation		22,780	211,243
Shares issued for consulting services		27,624	80,885
Shares issued for compensation		62,759	355,404
Amortization of debt issuance costs		2,619,362	5,873,396
Change in fair value of derivative liabilities	12	(1,198,554)	(6,159,067)
Loss on debt conversion	9	1,627,858	541,730
Loss on debt extinguishment	9	2,223,250	-
Loss on disposal of fixed assets		4,252	-
Loss on long-term investment		97,488	-
Write-off of deposit		-	12,000
Changes in operating assets and liabilities:			
Accounts receivable		(164)	-
Other receivables		7,213	(25,794)
Prepaid expenses and other current assets		(226,810)	344,309
Inventories		(8,317)	(38,167)
Advance		-	(225,000)
Accounts payable and accrued liabilities		82,610	783,725
Lease deposit asset		15,502	-
Contract liabilities		(15,336)	23,333
Right-of-use asset		-	134,688
Lease liabilities		-	(122,894)
Net cash used in operating activities		(3,429,189)	(5,437,592)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of note payable		(202,093)	-
Cash consideration paid for business combination		(153,986)	-
Net cash used in investing activities		(356,079)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from common shares issued for cash	13	-	1,342,915
Share issuance costs paid	13	-	(153,220)
Proceeds from debentures – net of discount	9	2,250,000	4,615,385
Repayment of convertible debentures	9	(802,282)	(1,741,950)
Financing costs of debentures	9	(84,463)	(325,962)
Net cash provided by financing activities		1,363,255	3,737,168
Effect of exchange rate changes on cash and cash equivalent		(83,271)	17,669
Change in cash		(2,505,284)	(1,682,755)
Cash, beginning of period		3,878,578	2,269,320
Cash, end of period		$ 1,373,294	$ 586,565
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		$ 11,322,607	$ 4,756,872
Reclassified accrued construction in progress fees		$ -	$ 39,875
Forgiveness of note payable in business combination		$ 202,093	$ -
Initial fair value of contingent consideration for business combination		$ 79,000	$ -
Cancellation of investment balance due to business combination		$ 118,850	$ -
Conversion of prefunded warrants to equity		$ 530,429	$ -
Shares issued for business combination		$ 295,000	$ -

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 sustainable technology focused company that strives to innovate and deliver sustainable technology solutions across a wide array of verticals utilization of our proprietary intellectual property to businesses and enterprises through our AgriFORCE™ Solutions division ("Solutions") and deliver innovative flour products through our AgriFORCE™ Brands division ("Brands"). In the third quarter of 2024, the Company bought the assets of the Radical Clean Solutions ("RCS") business for which it had bought an exclusive license to the agricultural industry in 2023. During 2023, the Company commenced efforts to launch its UN(THINK) Awakened Flour™, which is a nutritious flour that we believe provides health advantages over traditional flour.

While Solutions' legacy focus was 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+™"). it has changed its focus to broaden the use of its proprietary intellectual property across multiple industries. For instance, the Company through its RCS purchase is not able to utilize that technology to deliver solutions across multiple industries, including not only agriculture, but other industries including hospitality, commercial applications, education institutions, residential real estate and transportation.

Brands is focused on the development and commercialization of plant-based ingredients and products that deliver healthier and more nutritious solutions. We strive to 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 September 30, 2024 and December 31, 2023, and the results of its operations and cash flows during the nine months ended September 30, 2024 and 2023. Such adjustments are of a normal and recurring nature. The results for the nine months ended September 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 nine months ended September 30, 2024, the Company had a net loss of $13.4 million, $3.4 million of net cash used in operating activities, and the Company had a working capital deficiency of $1.2 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 November 27, 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;
2. On or before December 4, 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;
3. On or before December 17, 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.

To meet these requirements, the Company is holding its previously postponed Annual Meeting of Shareholders on November 25, 2024, and assuming shareholder approval, will effect a reverse split immediately thereafter.

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 plans to 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 annual periods beginning after December 15, 2023 and for interim periods beginning after December 15, 2024 on a retrospective basis, with early adoption permitted. 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 annual periods beginning after December 15, 2024 on a retrospective or prospective basis. 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 work-in-progress hydroxyl devices and 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, we believe, will expand to include sales of our UN(THINK) Foods products in 2025. 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 Assets

Definite lived intangible assets consist of a granted patent and intangible assets acquired from an acquisition. Amortization is computed using the straight-line method over the estimated useful life of the asset (Note 6).

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 prices 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. BUSINESS COMBINATION

On August 16, 2024, the Company completed the acquisition of assets of Radical Clean Solutions, Inc. (“RCS”), effectively increasing its interest from 14% to 100%, and providing the Company control over RCS. 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. As the Company’s investment in RCS does not have a readily determinable fair value, the Company previously elected to account for its 14% interest in RCS at cost, less impairment. The Company recognized a loss on the investment of $97,488 during the three- and nine-month periods ended September 30, 2024.

The acquired business did not contribute revenues or earnings to the Company for the period from August 16, 2024 to September 30, 2024. The following unaudited pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2023.

	Pro forma nine months ended September 30, 2024	**Pro forma year ended December 31, 2023**
Revenue	41,315	262,991
Net loss	13,407,164	11,740,635

The Company did not have any material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and net loss position.

These pro forma amounts have been calculated after applying the Company’s accounting policies and adjusting the results of RCS to reflect the additional amortization that would have been charged assuming the fair value adjustments to the intangible assets had been applied from August 1, 2024, with the consequential tax effects.

The following table summarizes the consideration transferred to acquire RCS and the amounts of identified assets acquired and liabilities assumed at the acquisition date.

Note payable forgiven		202,093
Convertible debentures repaid on behalf of RCS		153,986
Common shares		295,000
Contingent consideration		79,000
Previously invested equity		118,850
Purchase price	$	848,929

	August 16, 2024
Purchase price	848,929
Assets acquired	
In-process research and development	300,000
Trademark	10,000
Brand logo	10,000
Web domain	10,000
Customer list	138,000
Device firmware and software	50,000
Blueprints	20,000
Fair value of identified net assets acquired	538,000
Goodwill acquired on acquisition	$ 310,929

The acquisition of RCS includes a contingent consideration arrangement that requires additional consideration to be paid by AgriFORCE to a previous owner of RCS who now serves as a Consultant to AgriFORCE (the "Consultant"). The Consultant is entitled to receive commissions on sales and production of RCS Units, which are payable in cash upon receipt of revenue or completed inventory by the Company. The consultant is also entitled to other manufacturing, sales and product development milestones, which are outlined below.

(a) Completion of wall mount design

(b) Completion of patent prosecution for any of the patent applications heretofore provided to Company or any new U.S. patent applications

(c) Execute distribution agreements for other countries or verticals

(d) Production of 250 RCS units

(e) Production of 500 RCS units

(f) Production of 1,000 RCS units

The Consultant is entitled to be awarded 25,000 restricted common shares of the Company for meeting each milestone.

The Consultant is also entitled to restricted stock units ("RSUs") provided certain conditions are met.

As of September 30, 2024, there were no changes in the recognized amounts or range of outcomes for the contingent consideration recognized as a result of the acquisition of RCS.

The goodwill is attributable to the acquisition of the RCS technologies, synergies, access to their key vendors, and other non-quantifiable assets which are expected to create growth and diversification opportunities for the Company.

Prior to the acquisition, the Company had a preexisting relationship with RCS. The Company was a 14% investor of RCS and held a receivable of $200,000 for a secured loan note issued to RCS. As part of the acquisition terms, the receivable amount of $200,000 funded the purchase price consideration and was deemed settled.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	September 30, 2024	December 31, 2023
Legal retainer	31,986	8,039
Prepaid expenses	280,291	223,624
Inventory advances	112,463	30,654
Others	74,942	10,555
	$ 499,682	$ 272,872

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

5. INVENTORIES

As at September 30, 2024, the Company had $47,174 in work-in-progress inventory (December 31, 2023 – $38,857 in finished goods).

6. INTANGIBLE ASSETS

Intangible assets include $7,832,200 (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% blocker and SEC Rule 144 restrictions, the prefunded warrants vested in tranches up until March 10, 2024, at which time all tranches were fully vested. When vested the tranches of prefunded warrants became 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 September 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 $488,752 in amortization expense related to the Manna IP for the nine months ended September 30, 2024 (September 30, 2023 - $492,220).

As at September 30, 2024, the Company determined that there was an indicator of impairment for the intangible assets due to the significant decline in the Company's stock price as at September 30, 2024. As a result, the Company performed an interim intangible impairment test and determined that the fair value of the intangible asset was $7,832,200 based on an income approach using the Company's estimated discounted cashflows. For valuing the Manna IP, the Company used the following assumption: discount rate 28%. The Company recorded an asset impairment loss of $4,137,271 in operating expenses.

The Company acquired intangible assets from RCS as part of the business combination (Note 3). The following intangible assets were acquired from RCS:

	Weighted Average Useful Life (Years)		
In-process research and development	Term of the patent		300,000
Trademark	10		10,000
Brand logo	10		10,000
Web domain	5		10,000
Customer list	5		138,000
Device firmware and software	5		50,000
RCS blueprints	5		20,000
		$	538,000

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

Period ending:		**Amount**
Remaining 2024	$	159,312
2025		656,174
2026		656,174
2027		656,174
2028		656,174
2029		639,643
Thereafter		4,946,772
Total	$	8,370,423

7. 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 was to receive one of five board of director seats of RCS and had 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.

On August 16, 2024, the Company acquired the assets of RCS as part of a business combination. The investment in RCS was accounted for as part of the step-acquisition accounting (Note 3). As at September 30, 2024, the carrying value of the investment in RCS was $nil (December 31, 2023 - $223,801).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Accounts payable	$ 612,070	$ 578,128
Accrued expenses	962,496	868,451
Others	450,055	495,432
	$ 2,024,621	$ 1,942,011

9. 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.

During the nine months ended September 30, 2024, the Investors converted the full principal balance of the Third, Sixth and Seventh Tranche Debenture which resulted in extinguishments of the existing debts (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 18^{th} month, at the rate of 8% per annum.

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

	Maturity	Cash Interest Rate	September 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%	450,000	-
Debt issuance costs and discounts (Note 9 & 12)			(1,104,593)	(7,385,494)
Total Debentures (current)			$ 1,093,907	$ 4,084,643

During the nine months ended September 30, 2024, the Investors converted $10,952,357 of principal (September 30, 2023 – $3,734,631) and $196,802 of interest (September 30, 2023 - $305,175) into shares of the Company resulting in a $1,627,858 (September 30, 2023 - $541,730) loss on the conversion of convertible debentures. During the nine months ended September 30, 2024, the Company incurred $2,672,765 (September 30, 2023 - $6,045,214) in accretion interest and made 802,282 of cash repayments (September 30, 2023 - $1,741,950).

During the nine months ended September 30, 2024, the Investors converted $5,867,932 of the First, Second, Third, Fifth, Sixth and Seventh Tranche Debentures into 46,513,613 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 $2,223,250. During the nine months ended September 30, 2023 there were no debt extinguishments incurred.

10. CONTRACT BALANCES

As at September 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).

11. 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 $29,632 (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 $14,816 (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 September 30, 2024 was $44,448 (CAD $60,000) (December 31, 2023 was $45,365 (CAD $60,000)).

12. DERIVATIVE LIABILITIES

Warrant Liabilities

As at September 30, 2024, the Warrant Liabilities represent aggregate fair value of 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").

As of July 16, 2024, 64,486 Company warrants issued as part of its IPO expired which consisted of publicly traded 61,765 Series A warrants ("IPO Warrants") and 2,721 representative's warrants ("Rep Warrants"). The expiry resulted in a gain on extinguishment of warrant liability of $14,769.

The fair value of the Private Placement Warrants amounted to $23 (December 31, 2023 - $11,308 including IPO and Rep Warrants). As at September 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 $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 100% (December 31, 2023 – 105% to 117%), risk free rate of return 3.82 (December 31, 2023 – 3.67% to 3.88%), and expected term of 1 year (December 31, 2023 – expected term of 1.50 to 3 years).

As at September 30, 2024 the First Tranche Warrants had a fair value that amounted to $2,000 (December 31, 2023 - $24,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the First Tranche Warrants using the following assumptions: stock price $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 105% (December 31, 2023 – 100.0%), risk free rate of return 3.90% (December 31, 2023 – 4.23%), and expected term of 1.25 years (December 31, 2023 – expected term of 2 years).

As at September 30, 2024 the Second Tranche Warrants had a fair value that amounted to $2,000 (December 31, 2023 - $15,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price $0.05 (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 3.72% (December 31, 2023 – 4.12%), and expected term of 1.80 years (December 31, 2023 – expected term of 2.55 years).

As at September 30, 2024 the Third Tranche Warrants had a fair value that amounted to $19,000 (December 31, 2023 - $192,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Third Tranche Warrants using the following assumptions: stock price $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 100.0% (December 31, 2023 – 107.5%), risk free rate of return 3.62% (December 31, 2023 – 3.98%), and expected term of 2.55 years (December 31, 2023 – expected term of 3.30 years).

As at September 30, 2024 the Fourth Tranche Warrants had a fair value that amounted to $60,000 (December 31, 2023 - $724,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fourth Tranche Warrants using the following assumptions: stock price $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 100.0% (December 31, 2023 – 107.5%), risk free rate of return 3.61% (December 31, 2023 – 3.97%), and expected term of 2.67 years (December 31, 2023 – expected term of 3.42 years).

As at September 30, 2024 the Fifth Tranche Warrants had a fair value that amounted to $111,000 (February 21, 2024 - $564,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.05 (February 21, 2024 - $0.21), dividend yield – nil (February 21, 2024 – nil), expected volatility 95.0% (February 21, 2024 – 105.0%), risk free rate of return 3.59% (February 21, 2024 – 4.40%), and expected term of 2.89 years (February 21, 2024 – expected term of 3.50 years).

As at September 30, 2024 the Sixth Tranche Warrants had a fair value that amounted to $73,000 (April 11, 2024 - $242,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.05 (April 11, 2024 – $0.16), dividend yield – nil (April 11, 2024 – nil), expected volatility 95.0% (April 11, 2024 – 95.0%), risk free rate of return 3.58% (April 11, 2024 – 4.73%), and expected term of 3.03 years (April 11, 2024 – expected term of 3.50 years).

As at September 30, 2024 the Seventh Tranche Warrants had a fair value that amounted to $170,000 (May 22, 2024 - $369,000). As at September 30, 2024 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $0.05 (May 22, 2024 – $0.10), dividend yield – nil (May 22, 2024 – nil), expected volatility 95.0% (May 22, 2024 – 95.0%), risk free rate of return 3.58% (May 22, 2024 – 4.60%), and expected term of 3.14 years (May 22, 2024 – expected term of 3.50 years).

Debenture Convertible Feature

As at September 30, 2024 the fair value of the First Tranche Debentures' convertible feature amounted to $3,000 (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 $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 100.0% (December 31, 2023 – 100.0%), risk free rate of return 3.82% (December 31, 2023 – 5.03%), discount rate 12.25% (December 31, 2023 – 17.50%), and expected term of 0.15 year (December 31, 2023 – 1 year).

As at September 30, 2024 the fair value of the Second Tranche Debentures' convertible feature amounted to $2,500 (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 $0.05 (December 31, 2023 – $0.47), dividend yield – nil December 31, 2023 – nil), expected volatility 100.0% (December 31, 2023 – 105.0%), risk free rate of return 3.82 (December 31, 2023 – 4.51%), discount rate 12.25 % (December 31, 2023 – 17.50%), and expected term of 0.15 years (December 31, 2023 – 1.55 years).

As at September 30, 2024 the fair value of the Fourth Tranche Debentures' convertible feature amounted to $317,000 (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 $0.05 (December 31, 2023 - $0.47), dividend yield – nil (December 31, 2023 – nil), expected volatility 100.0% (December 31, 2023 – 107.5%), risk free rate of return 3.82% (December 31, 2023 – 4.12%), discount rate 12.25 (December 31, 2023 – 17.25%), and expected term of 1.67 years (December 31, 2023 – 2.42 years).

As at September 30, 2024 the fair value of the Fifth Tranche Debentures' convertible feature amounted to $92,000 (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 $0.05 (February 21, 2024 – $0.21), dividend yield – nil (February 21, 2024 – nil), expected volatility 95.0% (February 21, 2024 – 105.0%), risk free rate of return 3.66% (February 21, 2024 – 4.54%), discount rate 12.25% (February 21, 2024 – 16.00%), and expected term of 1.89 years (February 21, 2024 – 2.50 years).

During the nine months ended September 30, 2024, the Investors converted the full principal balance of the Third, Sixth and Seventh Tranche Debenture which resulted in an extinguishment of the existing debt and convertible feature. On March 31, 2024, the fair value of the Third Tranche Debentures' convertible feature amounted to $618,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.18, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.59%, discount rate 18.00%, and expected term of 2.05 years. On April 11, 2024, the fair value of the Sixth Tranche Debentures' convertible feature amounted to $198,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.16, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.85%, discount rate 19.00%, and expected term of 2.50 years. 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 September 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	-	-	(2,572,123)	(2,572,123)
Expiries	(14,769)	-	-	(14,769)
Change in fair value	4,102	(1,669,763)	467,106	(1,198,555)
Effect of exchange rate changes	(617)	(23,237)	(55,985)	(79,839)
Balance at September 30, 2024	$ 24	$ 437,000	$ 416,998	$ 854,022

	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	-	-	(529,340)	(529,340)
Change in fair value	(259,123)	(4,960,112)	(939,832)	(6,159,067)
Effect of exchange rate changes	5,456	(25,888)	(3,828)	(24,260)
Balance at September 30, 2023	$ 66,568	$ 309,000	$ 1,583,000	$ 1,958,568

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

13. 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 September 30, 2024, no shares have been repurchased under the Repurchase Program.

As at September 30, 2024, the Company owed $44,214 worth of stock-based compensation to a former officer of the Company. 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):

	September 30, 2024	September 30, 2023
Warrants	13,761,493	270,762
Options	61,567	76,185
Convertible debentures	22,890,431	2,020,390
Total anti-dilutive weighted average shares	36,713,491	2,367,337

14. REVENUE

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

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

15. LEASES

The components of lease expenses were as follows:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Operating lease cost	$ -	$ 219,018
Short-term lease cost	59,358	3,517
Total lease expenses	$ 59,358	$ 222,535

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

16. COMMITMENTS AND CONTINGENCIES

Debenture principal repayments

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

Remaining 2024	$ 798,000
2025	1,400,500
	$ 2,198,500

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 13, 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 parties have agreed to go into mediation.

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.

17. SUBSEQUENT EVENTS

The Company evaluated subsequent events through November 19, 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 September 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 October 1, 2024 through November 19, 2024, the Company issued 2,000,000 common shares upon conversion of convertible debt and conversion of convertible debt in lieu of repayment in cash (principal of $200,000).

From October 1, 2024 through November 19, 2024, the Company issued shares for cash under its at-the-market offering ("ATM"). In total 37,686,239 shares were issued for gross proceeds of $2,116,741.

On October 15, 2024, the Company completed a private placement issuing 16,000,000 common shares for gross proceeds of $800,000.

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 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 sustainable technology focused company that strives to innovate and deliver sustainable technology solutions across a wide array of verticals utilization of our proprietary intellectual property to businesses and enterprises through our AgriFORCE™ Solutions division ("Solutions") and deliver innovative flour products through our AgriFORCE™ Brands division ("Brands"). To this end, we announce the next phase of our transition, highlighted by the intended integration of Bitcoin mining solutions and the ancillary environmental and power-generation benefits that result from engaging in that business. We recognize the potential of Bitcoin and other digital currencies in facilitating sustainable financial transactions and intend to utilize 10-20% of our future capital raised to purchase and hold Bitcoin. In the third quarter of 2024, the Company bought the assets of the Radical Clean Solutions ("RCS") business for which it had bought an exclusive license to the agricultural industry in 2023. During 2023, the Company launched its UN(THINK) Awakened Flour™, which is a nutritious flour that we believe provides health advantages over traditional flour.

While Solutions' legacy focus was 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+™"). it has changed its focus to broaden the use of its proprietary intellectual property across multiple industries. For instance, the Company through its RCS purchase is not able to utilize that technology to deliver solutions across multiple industries, including not only agriculture, but other industries including hospitality, commercial applications, education institutions, residential real estate and transportation.

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

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.

Wheat and Flour Market

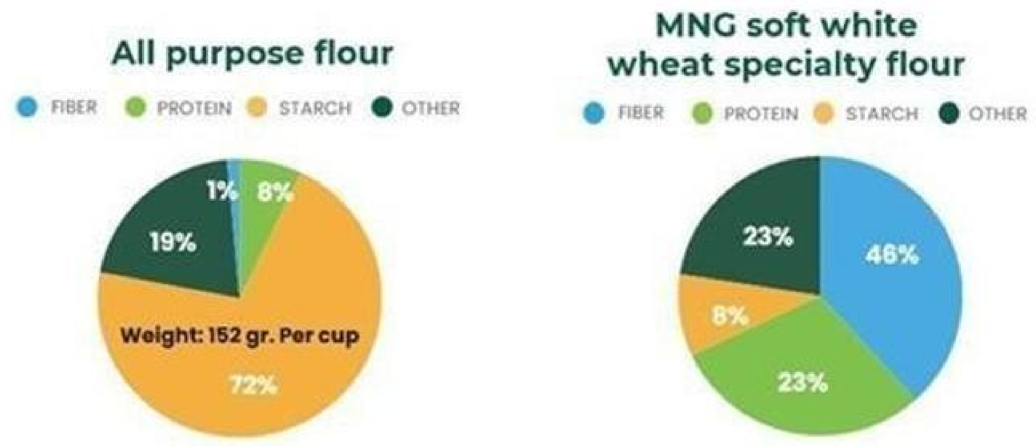
Modern diet is believed to be a contributor to health risks such as heart disease, cancer, diabetes and obesity, due in part to the consumption of highly processed foods that are low in natural fiber, protein and nutrition; and extremely high in simple starch, sugar and calories. These "empty carbs" 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

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(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 two (2) main sales channels:

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

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.

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 own the Radical Clean Solutions, Inc. ("RCS") technology to commercialize the proprietary hydroxyl generating devices of 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, and it purchased all of the RCS assets in August 2024.

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.

On August 16, 2024, the Company completed the acquisition of 86% of the common shares of Radical Clean Solutions, Inc. ("RCS"), increasing its interest from 14% to 100%, and providing the Company control over RCS. RCS became a consolidated subsidiary of the Company on this date.

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 the Board of Directors of the Company.

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.

RCS Acquisition

We purchased all of the assets of RCS in August 2024. A discussion of the acquisition is set forth above in footnote 3 to our financial statements included herein.

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 NINE MONTHS ENDED SEPTEMBER 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 September 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 nine months ended September 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 nine months ended September 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 increased during the three months ended September 30, 2024 as compared to September 30, 2023 by $3,974,421 or 244% primarily due to the following:

- Intangible asset impairment increased by $4,137,271 due impairment of the Company's Manna patent due to the fair value of the asset exceeding the carrying value of the intangible asset, requiring a write-down of the asset. There was no such impairment in 2023.
- Consulting increased by $30,025, due to additional consultants hired during the quarter to assist with sales, product manufacturing, and M&A.
- Office and administrative expenses increased by $93,357 due to the increase in miscellaneous spend for business development and other related expenditures
- Research and development increased by $81,082 due to product development expenses for RCS that occurred after the acquisition on August 16, 2024, no such expenses during 2023.
- Travel and entertainment increased by $19,944 increased international travel for foreign business development.
- Professional fees decreased by $165,333 due to reduced legal fees that were required for the nine months ended September 30, 2023 for M&A activity but none for the nine months ended September 30, 2024.
- Wages and salaries decreased by $116,721 due to a reduction in staff head count (number of employees reduced from 15 during the three months ended September 30, 2023 to 6 during the three months ended September 30, 2024).
- Share based compensation decreased by $16,985 due to a significant number of option forfeitures from lower staff head count.
- Lease expense decreased $72,479 due to shifting from a short term office lease to a virtual office.
- All other items aggregate to $15,740

Other Expenses / (Income)

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

- Change in fair value of derivative liabilities increased by $179,586 due to the Company's stock price decreasing during the period between June 30, 2024 and September 30, 2024, resulting in the decreased fair value of the Company's derivative liabilities and increased gains on the change in fair value.
- Increase in gain on debt extinguishment increased by $75,119 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 September 30, 2024.
- Increase in loss on long-term investment decreased by $97,488 due to the requirement to the revaluation of the existing investment in RCS prior to the step acquisition. No such loss during the three months ended September 30, 2023.
- Loss on conversion of convertible debt increased by $127,251 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 September 30, 2023.

This was partially offset by the following:

- Accretion interest on debentures decreased by $1,595,252 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 $5,109.

Operating expenses increased during the nine months ended September 30, 2024 as compared to September 30, 2023 by $722,802 or 10% primarily due to the following:

- Intangible asset impairment increased by $4,137,271 due to the impairment of the Company's Manna patent due to the fair value of the asset exceeding the carrying value of the intangible asset, requiring a write-down of the asset. There was no such impairment in 2023.
- Wages and salaries decreased by $1,113,285 due to a reduction in staff head count (number of employees reduced from 15 during the nine months ended September 30, 2023 to 6 during the nine months ended September 30, 2024).
- Consulting and professional fees decreased by $668,799 and $583,954, respectively due to a significant decrease in M&A spending during the nine months ended September 30, 2024 as a result of the Company focusing on organic growth of currently active ventures.
- Share based compensation decreased $438,187 due to a significant number of option forfeitures from lower staff head count.
- Investor and public relations expenses decreased by $346,724 due to more investor and public relations advisory services utilized in 2023 for Company campaigns and communication to investors.
- Travel and entertainment decreased by $73,023 due to a reduction in travel for foreign business development.
- Lease expense decreased $163,177 due to the termination of the Company's long term office lease in 2023.
- Sales and marketing decreased by $77,461 due to significant reductions in public relations agency work and social media contracted fees from cost cutting initiatives.
- Travel and entertainment decrease by $73,023 due to an increase in international travel for business development
- Office and administrative increased by $43,622 due to an increase in miscellaneous expenses that occurred during the nine months ended September 30, 2024. overall cost cutting initiatives for the six months ended June 30, 2024.
- Research and development increased by $35,818 due to product development expenses for RCS that occurred after the acquisition on August 16, 2024, no such expenses during 2023.
- All other items aggregate to $29,302

Other expense for the nine months ended September 30, 2024 increased due to the following:

- Change in fair value of derivative liabilities decreased by $4,960,513 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 September 30, 2024, resulting in the smaller revaluation adjustment as at September 30, 2024.
- Increase in loss on debt extinguishment by $2,223,250 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 nine months ended September 30, 2024.
- Increase in loss on conversion of convertible debt by $1,086,128 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 nine months ended September 30, 2023.
- Increase in loss on long-term investment decreased by $97,488 due to the requirement to the revaluation of the existing investment in RCS prior to the step acquisition. No such loss during the nine months ended September 30, 2023.

This was partially offset by the following:

- Accretion interest on debentures decreased by $3,372,449 due to a significant amount of debentures being converted to shares during 2024, resulting in less interest accreted during the nine months ended September 30, 2024.
- Foreign exchange gain increased by $21,601 due to increasing USD to CAD rate throughout the six months ended June 30, 2024.
- All other items aggregate to $21,922.

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 $13,407,164 for the nine months ended September 30, 2024, and a net loss of $7,740,078 for the nine months ended September 30, 2023. We have recorded an accumulated deficit of $57,914,468 as of September 30, 2024 and $44,507,304 as of December 31, 2023. Net cash used in operating activities for the nine months ended September 30, 2024 and September 30, 2023 was $3,429,189 and $5,437,592 respectively.

The Company held $1,373,294 in cash as at September 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 nine months ended September 30, 2024 was $3,429,189 compared to $5,437,592 for the nine months ended September 30, 2023. The decrease of $2,008,403 was primarily due to the following:

- Increase in impairment of intangible asset of $4,137 271 due to assessment noted above.
- Increase in loss on long-term investment of $97,488 due to assessment noted above.
- Decrease in cash flow adjustments of $188,463 for share based compensation due to forfeiture of stock options by departed employees.
- Decrease of $3,254,034 in amortization of debt issuance costs for less interest recorded on debentures as the carrying value of the debentures were lower as at September 30, 2024 compared to September 30, 2023.
- Increase in prepaid expenses and other current assets used in operating activities of $571,119 due to utilization of consulting retainers and as well as additional prepayments made during September 30, 2024 for various services.
- Decrease in accounts payable and accrued liabilities of $701,115 due to the Company paying down its higher aged trade payables balance during the nine months ended September 30, 2024.

This was partially offset by the following:

- Increase in net loss of $5,667,086 due to operating expenses noted above.
- Non-cash change in fair value of derivative liabilities decreased by $4,960,5139 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 September 30, 2024, resulting in the smaller revaluation adjustment as at September 30, 2024.
- Increase in loss on debt extinguishment cash adjustment by $2,223,250 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 nine months ended September 30, 2023.
- Increase in loss on conversion of convertible debt cash adjustment by $1,086,128 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 September 30, 2023.
- All other items aggregate to $114,429.

Net cash used in investing activities was $356,079 for cash consideration paid for the RCS acquisition.

Net cash provided by financing activities for the nine months ended September 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 nine months ended September 30, 2023, represents net proceeds from debentures of $4,615,385 as well as common shares issued for cash of $1,342,915. 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 $153,220.

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.

On October 15, 2024, we sold sixteen million shares to two institutional investors at a price per share of $0.05 per share for total proceeds of $800,000. The Shares were registered pursuant to a prospectus supplement on Form 424(b)(4) (to the Registrant's Prospectus, Registration No. 333-266722, dated August 18, 2022) filed with the SEC on the same day. Each institutional investor ("Purchaser") is entering into a securities purchase agreement for $400,000 or 8,000,000 common shares at $0.05 per share. Pursuant to those agreements, the Right of Participation held by Purchaser under Section 4.12 of that certain Securities Purchase Agreement dated June 30, 2022 between the Company and the Purchaser is hereby extended to and including December 31, 2025. If the Company shall sell any shares of its Common Stock pursuant to any at-the-market offering or equity line of credit (however denominated), the Company shall use 25% of the net proceeds from any such sales to repay the principal on any outstanding Debentures (as such term is defined in the June 30, 2022 Securities Purchase Agreement) in accordance with the terms of such Debentures.

From November 7, 2024 through November 13, 2024, the Company issued shares for cash under its at-the-market offering ("ATM"). In total 37,686,239 shares were issued for gross proceeds of $2,116,741.

Off Balance Sheet Arrangements

None.

Significant Accounting Policies

See the footnotes to our unaudited financial statements for the nine months ended September 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, 2024. 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 September 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 nine months ended September 30, 2024:

87,499,099 common shares were issued upon conversion of convertible debt.

854,445 common shares were issued as part of compensation to Company officers.

142,310 common shares were issued to consultants.

5,000,000 common shares were issued as consideration for a business combination.

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.

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: November 19, 2024	By:	*/s/ Jolie Kahn*
	Name:	Jolie Kahn
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: November 19, 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: November 19, 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: November 19, 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 September 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: November 19, 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 September 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: November 19, 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.