

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

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023**

or

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

**Commission File Number: 001-40578**

**AGRIFORCE GROWING SYSTEMS LTD.**

(Exact name of registrant as specified in its charter)

**British Columbia**  
(State or other jurisdiction of  
incorporation or organization)

**Not Applicable**  
(I.R.S. Employer  
Identification No.)

**800 – 525 West 8<sup>th</sup> Avenue**  
**Vancouver, BC, Canada**  
(Address of principal executive offices)

**V5Z 1C6**  
(Zip Code)

**(604) 757-0952**

**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
Series A Warrants, every 50 warrants exercisable for one share of Common Stock at an exercise price of \$300.00 per share of Common Stock.	AGRIW	NASDAQ Capital Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

**Note** – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 every Interactive Data File required to be submitted 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 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” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting 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.

The text associated with those checkboxes is as follows: If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2023 was approximately \$5,129,428. Shares of the registrant's common stock held by each officer and director and each person known to the registrant to own 10% or more of the outstanding voting power of the registrant have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not a determination for other purposes.

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY**

**PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

**(APPLICABLE ONLY TO CORPORATE REGISTRANTS)**

As of April 1, 2024, the registrant has 22,573,938 shares of common stock, no par value per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933.

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### Cautionary Note Regarding Forward-Looking Information

This report on Form 10-K 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 defense industry, all of which were subject to various risks and uncertainties.

When used in this Report on Form 10-K and other reports, statements, and information we have filed with the Securities and Exchange Commission (“Commission” or “SEC”), in our press releases, presentations to securities analysts or investors, 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 Report on Form 10-K 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 Form 10-K, AgriFORCE Growing Systems Ltd. (“AgriFORCE™” or the “Company”) 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

### Item 1. 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 8<sup>th</sup> Avenue, Vancouver, BC, Canada, V5Z 1C6.

#### Our Business

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

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

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

#### AgriFORCE™ Brands

##### *UN(THINK)™ Foods*

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

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

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

##### *Wheat and Flour Market*

Modern diet is believed to be a contributor to health risks such as heart disease, cancer, diabetes and obesity, due in part to the consumption of highly processed foods that are low in natural fiber, protein and nutrition; and extremely high in simple starch, sugar and calories. These “empty carbs” produce glycemic swings that may cause overeating by triggering cravings for food high in sugar, salt and starch. As an example, conventional baking flour is low in natural fiber (~ 2-3%), low-to-average in protein (~ 9%), and very high in starch (~ 75%)<sup>(4)</sup>. Apart from dietary fiber, whole flour is only marginally better in terms of these macronutrients<sup>(5)</sup>.

(4) Based on protein, fiber, and starch content results from a nationally certified independent laboratory, as compared to standard all-purpose flour.

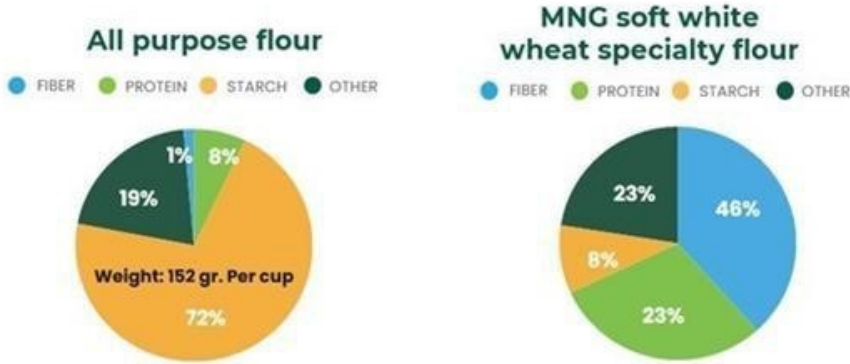
(5) <https://www.soupsage.com/compare-nutrition/flour-vs-whole-wheat-flour>

In contrast, foods high in fiber help to satiate hunger, suppress cravings and raise metabolism<sup>(6)</sup>. They also assist in weight loss, lower cholesterol, and may reduce the risk of cancer, heart disease and diabetes<sup>(7)</sup>.

*Advantages of the UN(THINK)<sup>TM</sup> 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<sup>(8)</sup>.



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.

(6) <https://my.clevelandclinic.org/health/articles/14400-improving-your-health-with-fiber>  
(7) <https://www.health.harvard.edu/blog/fiber-full-eating-for-better-health-and-lower-cholesterol-2019062416819>  
(8) Based on protein, fiber, and starch content results from a nationally certified independent laboratory, as compared to standard all-purpose flour.

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

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

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

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

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

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

To produce the UN(THINK)<sup>TM</sup> 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)<sup>TM</sup> Awakened Flour<sup>TM</sup> brand. This new Awakened Grains<sup>TM</sup> 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<sup>TM</sup>'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)<sup>TM</sup> foods brand. *(completed)*
- Qualification and operational and commercial set up of the Awakened Grains<sup>TM</sup> line of products. *(completed)*

##### PHASE 2:

- Launch of the UN(THINK)<sup>TM</sup> Awakened Flour<sup>TM</sup> 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 21<sup>st</sup> century. This approach means that we are able to reach into areas not readily available to agricultural businesses in the past, such as advanced Fintech to enhance financing capabilities for these businesses and more readily provide advanced intelligence for farmers. These technologies can also be applied to worldwide sourcing and matching food producers to consumers in an efficient manner.

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



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

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

#### *BUSINESS PLAN*

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

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

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

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

#### *The AgriFORCE Clean Solutions*

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

We have a worldwide license to commercialize the proprietary hydroxyl generating devices of Radical Clean Solutions, Inc. (“RCS”) for the CEA and food manufacturing industries. The RCS technology is a product line consisting of patent-pending “smart hydroxyl generation systems” focused on numerous industry verticals that is proven to eliminate 99.99+% of all major pathogens, virus, mold, volatile organic compounds (VOCs) and allergy triggers<sup>(8)</sup>.

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

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

The Company will continue to expand sales into Mexico through its distributor, Comercializadora 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.

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

## 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.

As a result of this refocus of the M&A strategy, the following formerly considered acquisition opportunities are no longer being considered by the Company:

### *Delphy Groep BV Acquisition*

- On February 10, 2022, the Company signed a definitive share purchase agreement (the “Delphy Agreement”) to acquire Delphy, a Netherlands-based Ag-Tech consultancy firm, for €23.5 million through a combination of cash and stock.
- On May 25, 2023, the parties mutually terminated the share purchase agreement after extensive due diligence, an evaluation of the historical and projected financial information, potential for impairment risk as well as current market conditions.

### *Deroose Plants NV Binding Letter of Intent*

- On February 23, 2022, the Company signed a binding letter of intent (the “Deroose LOI”) with Deroose Plants NV (“Deroose”).
- The Deroose LOI was subject to completion of standard due diligence and entry into a definitive purchase agreement.
- The Company is no longer pursuing this acquisition opportunity.

### Stronghold Land Acquisition

- On August 30, 2022, the Company entered into a Purchase and Sale Agreement (“PSA”) with Stronghold Power Systems, Inc. (“Stronghold”) to purchase approximately 34 acres of land in Coachella California.
- As at March 31, 2023 the prefunded warrants issued were rescinded and the warrants were rendered null and void as the Company presented termination notice to Stronghold.
- On October 12, 2023, the Company was served a complaint filed in the Superior Court of California from Stronghold for breach of contract in relation to the PSA. The Company denies any liability, other than what is already recorded in the financial statements and will vigorously defend the claims made against the Company.

### Berry People LLC Binding Letter of Intent

- On January 24, the Company announced it has entered a binding letter of intent (“BP LOI”) to acquire Berry People LLC, (“Berry People”).
- The Company is no longer pursuing this acquisition opportunity.

### Corporate Structure

The Company currently has the following wholly-owned subsidiaries, which perform the following functions – AgriFORCE Investments holds the Company’s U.S. investments, West Pender Holdings retains real estate assets, West Pender Management is a management company, AGI IP holds the Company’s intellectual property in the U.S., un(Think) Food Company will manufacture food products in the U.S. and un(Think) Food Company Canada Ltd. manufactures food products in Canada:

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Date of Incorporation</u>
AgriFORCE Investments Inc. (US)	Delaware	April 9, 2019
West Pender Holdings, Inc.	Delaware	September 1, 2018
AGI IP Co.	Nevada	March 5, 2020
West Pender Consulting Company*	Nevada	July 9, 2019
un(Think) Food Company	Nevada	June 20, 2022
un(Think) Food Company Canada Ltd.**	British Columbia	December 4, 2019
AgriFORCE Europe BV***	Belgium	March 29, 2023
AgriFORCE Belgium BV***	Belgium	March 29, 2023
GrowForce BV***	Belgium	June 19, 2023
AgriFORCE (Barbados) Ltd.***	Barbados	October 14, 2022

\* West Pender Consulting Company changed its name from West Pender Management Co. on August 1, 2022.

\*\* un(Think) Food Company Canada Ltd. changed its name from Daybreak AG Systems Ltd. on August 19, 2022.

\*\*\* Entities have no activity and are in the process of being dissolved.

### Summary Three Year History

From the date of Incorporation (December 22, 2017) to the date of this filing, the Company has largely been engaged in completion of its initial corporate organization, assembling its management team, completing the design and engineering of its IP and filing the appropriate intellectual property protection and taking the initial steps to implement its business plan through the commencement of initial operations. Significant milestones during the three-year period ended December 31, 2023 are as follows:

- On February 18, 2022, the Company signed a license agreement with Radical Clean Solutions Ltd (“Radical”), a New York corporation that has developed a patent pending product line consisting of smart hydroxyl generation systems to eliminate 99.99+% of all pathogens, virus, mold, volatile organic compounds and allergy triggers, to commercialize the proprietary hydroxyl generating devices within the CEA and food manufacturing industries. The license grants the rights to AgriFORCE™ in perpetuity as well as joint patent ownership rights for application in CEA.
- On May 18, 2022, the Company completed the acquisition of the food processing intellectual property of Manna Nutritional Group (Manna).
- On January 3, 2023, the Manna patent, which encompasses a process to naturally 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, was approved by the US Patents Office and the title was transferred to the Company.
- On October 18, 2023, the Company delivered its first shipment of hydroxyl generating devices.

## Financing

On June 30, 2022, the Company entered into security purchase agreements with certain accredited investors (the “Debenture Investors”) for the purchase of \$14,025,000 in convertible debentures (the “First Tranche Debentures”) due December 31, 2024. The Debentures were convertible into common shares at \$111.00 per share. The Convertible Debt Investors had the right to purchase additional tranches of \$5,000,000 each, up to a total additional principal amount of \$33,000,000. In addition, the Debenture Investors received 82,129 warrants at a strike price of \$122.10, which expire on December 31, 2025 (the “First Tranche Debenture Warrants”). The Debenture Warrants and 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.

On January 17, 2023, the Debenture Investors purchased additional tranches totaling \$5,076,923 (the “Second Tranche Debentures”) and received 53,226 warrants (the “Second Tranche Debenture Warrants”). The Second Tranche 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 via a private placement for consideration of \$250,000.

During the year ended December 31, 2023, the Company issued 124,652 common shares for cash under the ATM 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 (the “Third Tranche Debentures”) and received 620,230 warrants (the “Third Tranche Debenture Warrants”). The Third Tranche 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 (the “Fourth Tranche Debentures”) and received 1,986,112 warrants (the “Fourth Tranche Debenture Warrants”). The Fourth Tranche 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 Convertible Debt Investor purchased an additional tranche of \$1,100,000 in convertible debentures (the “Fifth Tranche Debentures”) and received 3,341,122 warrants (the “Fifth Tranche Debenture Warrants”). The Fifth Tranche 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.

The First, Second, Third, Fourth and Fifth 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 and August 1, 2024 for the Fifth 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<sup>th</sup> month, at the rate of 8% per annum.

All financings per the above were issued in private placement transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

## Intellectual Property

In accordance with industry practice, the Company protects its proprietary products, technology and its competitive advantage through a combination of contractual provisions and trade secret, copyright and trademark laws in Canada, the United States and in other jurisdictions in which it conducts its business. The Company also has confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of its intellectual property.

**Patents**

<b>Patent Application #</b>	<b>Application Date</b>	<b>Expiry Date</b>	<b>Title</b>	<b>Case Status</b>	<b>Country</b>
2001/2096	26-Aug-2020	26-Aug-2040	AUTOMATED GROWING SYSTEMS	Pending	Barbados
3151492	26-Aug-2020	26-Aug-2040	AUTOMATED GROWING SYSTEMS	Pending	Canada
202080073940.7	26-Aug-2020		AUTOMATED GROWING SYSTEMS	Pending	China
20858811.1	26-Aug-2020	26-Aug-2040	AUTOMATED GROWING SYSTEMS	Pending	European Patent Office
TT/A/2022/00024	26-Aug-2020		AUTOMATED GROWING SYSTEMS	Abandoned (p)	Trinidad & Tobago
11528859	26-Aug-2020	26-Aug-2040	AUTOMATED GROWING SYSTEMS	Registered	United States
17/983109	08-Nov-2022		AUTOMATED GROWING SYSTEMS	Application allowed	United States
PCT/CA2023/051251	21-Sep-2023		PROCESS AND SYSTEM FOR GROWING PLANTS USING CLONE TO FLOWER MODEL	Pending	Patent Cooperation Treaty
2018215090	31-Jan-2018	31-Jan-2038	HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR AND POWER JUICE AND METHODS FOR PRODUCTION THEREOF	Application allowed	Australia
3051860	31-Jan-2018	31-Jan-2038	HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR AND POWER JUICE AND METHODS FOR PRODUCTION THEREOF	Pending	Canada
18747157.8	31-Jan-2018		HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR AND POWER JUICE AND METHODS FOR PRODUCTION THEREOF	Pending	European Patent Office
201917032603	31-Jan-2018		HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR AND POWER JUICE AND METHODS FOR PRODUCTION THEREOF	Pending	India
755792	31-Jan-2018	31-Jan-2038	HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR AND POWER JUICE AND METHODS FOR PRODUCTION THEREOF	Pending	New Zealand
11540538	31-Jan-2018	31-Jan-2038	HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR, SWEETENED LIQUID, SWEETENERS, CEREALS, AND METHODS FOR PRODUCTION THEREOF	Registered	United States
17/963690	11-Oct-2022		HIGH FIBER, HIGH PROTEIN, LOW CARBOHYDRATE FLOUR, SWEETENED LIQUID, SWEETENERS, CEREALS, AND METHODS FOR PRODUCTION THEREOF	Application filed	United States
2001/2057	06-Mar-2020	06-Mar-2040	STRUCTURES FOR GROWING PLANTS	Pending	Barbados
3132672	06-Mar-2020	06-Mar-2040	STRUCTURES FOR GROWING PLANTS	Granted	Canada
CN202080033944.2	06-Mar-2020		STRUCTURES FOR GROWING PLANTS	Pending	China
20765629.9	06-Mar-2020	06-Mar-2040	STRUCTURES FOR GROWING PLANTS	Pending	European Patent Office
TT/A/2021/00093	06-Mar-2020		STRUCTURES FOR GROWING PLANTS	Abandoned (p)	Trinidad & Tobago
11582918	06-Mar-2020	06-Mar-2040	STRUCTURES FOR GROWING PLANTS	Registered	United States
18/096417	12-Jan-2023		STRUCTURES FOR GROWING PLANTS	Application allowed	United States

Trademarks

Application #	Application Date	Expiry Date	Title	Case Status	Country
1997835	26-Nov-2019		AGRIFORCE	In examination	Canada
018243244	22-May-2020		AGRIFORCE	Registered	European Union Intellectual Property Office
UK00918243244	22-May-2020		AGRIFORCE	Registered	United Kingdom
88/930218	22-May-2020		AGRIFORCE	Suspended	United States
2044675	07-Aug-2020		FORCEFILM	TM Application filed	Canada
018389838	04-Feb-2021		FORCEFILM	Registered	European Union Intellectual Property Office
90/124842	19-Aug-2020		FORCEFILM	Suspended	United States
2127781	18-Aug-2021		UN(THINK)	TM Application filed	Canada
018572674	06-Oct-2021		UN(THINK)	Application filed	European Union Intellectual Property Office
1669126	18-Feb-2022		UN(THINK)	Pending	Madrid Protocol (TM)
90/897689	23-Aug-2021		UN(THINK)	Suspended	United States
2196090	06-Jul-2022		C2F	TM Application filed	Canada
97/495313	08-Jul-2022		C2F	Suspended	United States
2198964	20-Jul-2022		AWAKENED GRAINS	TM Application filed	Canada
97/527128	29-Jul-2022		AWAKENED GRAINS	Suspended	United States
2207782	02-Sep-2022		FORCEGH+	Approved	Canada
97/605026	23-Sep-2022		FORCEGH+	Suspended	United States
2243222	02-Mar-2023		AWAKENED FLOUR	TM Application filed	Canada
1752858	01-Sep-2023		AWAKENED FLOUR	Registered	Madrid Protocol (TM)
97/824500	06-Mar-2023		AWAKENED FLOUR	Suspended	United States
TMA1175334	24-Jan-2019		PLANET LOVE	Registered	Canada
UK00801504091	24-Jul-2019		PLANET LOVE	Registered	United Kingdom
1504091	24-Jul-2019		PLANET LOVE	Registered	Madrid Protocol (TM)
6197554	24-Jul-2019		PLANET LOVE	Registered	United States
UK00801494234	30-Aug-2019		CANIVATE	Registered	United Kingdom
1494234	30-Aug-2019		CANIVATE	Registered	Madrid Protocol (TM)
6191972	30-Aug-2019		CANIVATE	Registered	United States
UK00801494231	30-Aug-2019		THE CANIVATE WAY	Registered	United Kingdom
1494231	30-Aug-2019		THE CANIVATE WAY	Registered	Madrid Protocol (TM)
6182017	30-Aug-2019		THE CANIVATE WAY	Registered	United States

**Competitor Comparison and Differentiation**

*Solutions*

The Company believes that it has no direct competitors who provide a proprietary facility design and automated grow system as well as a system of operational processes designed to optimize the performance of the Company's grow houses. On a broader basis, the competitive landscape includes greenhouse vendors, agriculture systems providers, automated grow system vendors, and system/solutions consultants.

The Company believes it has developed one of the world's most technologically advanced indoor agriculture systems by focusing on competitive differentiators to deliver vastly improved results beyond conventional indoor approaches. By conceiving new IP, as well as utilizing tried and tested existing Ag-Tech and Bio-Tech solutions, the Company delivers integrated unique architectural design, intelligent automation and advanced growing processes to create precisely controlled growing environments optimized for each nominated crop variety. These precision ecosystems should enable the Company to cost-effectively produce the cleanest, greenest and most flavorful produce, as well as consistent medical-grade plant-based nutraceuticals and pharmaceuticals, available.

The Company believes that it has the rights to one of the world's most effective and safe purification solutions via its license and ownership in Radical Clean Solutions. The Company understands that it has competition, however, the quality of the construction and design of the Radical Clean Solutions has proven to be highly effective for the Company's customers.

#### *Brands*

Our patented technology naturally processes and converts grains, pulses, and root vegetables into low-starch, low-sugar, high-protein fiber-rich baking flour products. The Company is developing a range of consumer products to transform the consumers' diet in multiple verticals.

The Company's UN(THINK)<sup>TM</sup> power flour has 40 times more fiber, 3 times more protein, and 75% less net carbs than regular all-purpose flour<sup>8</sup>.

(8) Based on protein, fiber, and starch content figures from a nationally certified independent laboratory, as compared to standard all-purpose flour.

#### **Recent Developments**

##### *Management Restructuring*

On July 18, 2023, the Company announced a restructuring of management. Ingo Mueller departed from his position as CEO and Chair of the Board. Richard Wong was concurrently appointed as interim CEO, and David Welch and John Meekison each assumed the role of Co-Chair of the Board. Ingo Mueller served as a director of the Company until the shareholder meeting dated September 27, 2023 at which time he was not re-elected and ceased to serve as a director. On November 10, 2023, David Welch was appointed Board Chair. The Company is currently evaluating options regarding the appointment of a fulltime CEO.

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. 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.

## **Employees**

As of April 1, 2024, the Company has seven (7) employees and three (3) consultants /contractors. The Company also relies on consultants and contractors to conduct its operations. The Company anticipates that it will be hiring additional employees to support its planned activities.

## **Operations**

The Company primary operating activities are in Idaho, USA and Saskatoon, Canada. The Company's head office is located in Vancouver, Canada.

## **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 this 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.



## Item 1A. Risk Factors

### Risks Relating to the Company's Business

#### *The Company is an early stage company with little operating history, a history of losses and the Company cannot assure profitability.*

The Company currently has little revenues and does not have any significant history of revenue generating operations. The Company has been involved in the design and development of its CEA FORCEGH+™ facility, acquisition, the sales and development of Hydroxyl generating devices and advancement of the UN(THINK)™ foods IP, product base, and transacting with potential revenue generating acquirers. While the Company has invested considerably in these business plans, no FORCEGH+™ facility has been constructed to date, the Company has not generated revenue from UN(THINK)™, nor has the Company completed any acquisition of revenue generating companies. The commercial or operating viability of the Company's business plans have not been proven. There is no assurance that the revenue generated from its operations, and if those revenues, when and if generated, will be sufficient to sustain operations, nonetheless achieve profitability.

#### *There is no assurance that the Company's FORCEGH+™ facilities will operate as intended.*

The Company's initial state of its business operations will be to construct and deploy and license its initial FORCEGH+. Accordingly, this component of the Company's business plan is subject to considerable risks, including:

- the costs of constructing and operating the laboratories may be greater than anticipated;
- the potential offtake partners who have indicated a willingness to deploy the laboratories at their existing cultivation operations may withdraw and determine not to deploy the laboratories;
- there is no assurance that the facilities will deliver the intended benefits of high production yields, lower crop losses and reduced operation costs;
- if the company is not able to fully develop the grow house or it does not operate as intended, it could prevent the company from realizing any of its business goals or achieving profitability;
- the costs of constructing the grow houses may be greater than anticipated and the Company may not be able to recover these greater costs through increases in the lease rates, license fees and services fees that it charges to its customers; and
- the costs of operating the grow house may be greater than anticipated.

#### *There is no assurance that UN(THINK)™ will operate as intended.*

The Company's plans for developing and advancing the UN(THINK)™ are in its preliminary stages. The Company has yet to fully launch their range of products in either the B2B or D2C channels. Accordingly, this component of the Company's business plan is subject to considerable risks, including:

- the potential B2B sales may not achieved the planned levels of sales;
- there is no assurance that the Company's production partners will deliver the planned production levels or scale;
- the quality of product from the co-manufacturing may not be sufficient.
- the cost from co-manufacturing may be greater than anticipated.
- the demand for the products may not be as high as predicted.
- the pricing of the products may deter potential buyers and may not cover the cost of production.
- the brand may not attract sufficient volume.

#### *There is no assurance that Hydroxyl Generating Systems will operate as intended.*

The Company's plans for developing and expanding sales of the AgriFORCE Clean Solutions are in its preliminary stages. The Company has yet to generate remarkable sales of its Hydroxyl products. Accordingly, this component of the Company's business plan is subject to considerable risks, including:

- the quality of product from the co-manufacturing may not be sufficient.
- the cost from co-manufacturing may be greater than anticipated.
- the demand for the products may not be as high as predicted.
- the pricing of the products may deter potential buyers and may not cover the cost of production.
- the brand may not attract sufficient volume.
- the quality of product from the co-manufacturing may not be sufficient.

#### *We may not realize the anticipated benefits of, and synergies from, acquisitions and may become responsible for certain liabilities and integration costs as a result.*

The businesses we have proposed to acquire have previously operated independently from us. The proposed integrations of our operations with the proposed businesses acquisitions are intended to result in financial and operational benefits, and business synergies. There can be no assurance, however, regarding when or the extent to which we will be able to realize these and other benefits. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts, system integrations, regulatory compliance, and other factors. Difficulties associated with the integration of the proposed business acquisitions could have a material adverse effect on our business.

#### *Fluctuations in the exchange rate of foreign currencies could result in losses.*

We incur a portion of our operating expenses in Canadian dollars, and in the future, as we expand into other foreign countries, we expect to incur operating expenses in other foreign currencies. We are exposed to foreign exchange rate fluctuations as the financial results of our international operations are translated from the local functional currency into U.S. dollars upon consolidation. A decline in the U.S. dollar relative to foreign functional currencies would increase our non-U.S. revenue and improve our operating results. Conversely, if the U.S. dollar strengthens relative to foreign functional currencies, our revenue and operating results would be adversely affected. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exchange rate exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets.

***The Company will require additional financing and there is no assurance that additional financing will be available when required.***

The Company will require substantial additional capital in order to execute its business plan. Existing funds will not be sufficient and additional financing will be needed for this purpose and for other purposes. The Company plans to achieve this additional financing through equity and/or debt financing which will likely be dilutive to the position of then current shareholders. However, there is no assurance that this financing will be available at favorable terms, if at all, when required, given the Company's small asset base and current lack of revenue.

***The Company had negative cash flow for the year ended December 31, 2023.***

The Company had negative cash flows from operating activities for year ended December 31, 2023. To the extent that the Company has negative cash flows from operating activities in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from operating activities, that additional capital or other types of financing will be available when needed or that these financings will be on terms favorable to the Company. The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

***The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.***

The Company's actual financial position and results of operations may differ materially from management's expectations. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow.

***The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.***

The Company expects to incur significant ongoing costs and obligations related to its planned investments. To the extent that these costs may be greater than anticipated or the Company may not be able to generate revenues or raise additional financing to cover these costs, these operating expenses could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could increase costs and have a material adverse effect on the business, results of operations and financial condition of the Company. The Company may not be able to recover sufficient revenues to offset its higher operating expenses or to recoup its initial capital investment. The Company may incur significant losses in the future for a number of reasons, including, unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of our securities may significantly decrease.

***There is no assurance the Company will be able to repatriate or distribute funds for investment from the United States to Canada or elsewhere.***

In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions there from, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under applicable federal laws, rules and regulations or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada or elsewhere.

***The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.***

If the Company implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the shares.

***The Company may face significant competition from other facilities.***

Many other businesses in California engage in similar activities to the Company, leasing commercial space to agricultural producers generally, and providing additional products and services to similar customers. The Company cannot assure you that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

***The Company may face significant competition from other nutritious food companies.***

We face significant competition from other nutritious food companies. Many of our competitors may have established brands, more experience and competency in the industry, larger fulfillment infrastructure, significantly more marketing and other financial resources, and larger customer bases than we do. These factors may allow our competitors to achieve greater net sales and profits. The significant competition faced by the Company could have a material adverse effect on its business, operating results and financial condition.

***If we are unable to protect our intellectual property, our business may be adversely affected.***

There can be no assurance that trade secrets and other intellectual property will not be challenged, invalidated, misappropriated or circumvented by third parties. Currently, our intellectual property includes provisional patents, patent applications, trademarks, trademark applications and know-how related to business, product and technology development. We plan on taking the necessary steps, including but not limited to the filing of additional patents as appropriate. There is no assurance any additional patents will issue or that when they do issue they will include all of the claims currently included in the applications. Even if they do issue, those new patents and our existing patents must be protected against possible infringement. Nonetheless, we currently rely on contractual obligations of our employees and contractors to maintain the confidentiality of our products. To compete effectively, we need to develop and continue to maintain a proprietary position with respect to our technologies, and business. The risks and uncertainties that we face with respect to intellectual property rights principally include the following:

- Provisional protection may not result in full patents being granted, and any full patent applications that we file may not result in issued patents or may take longer than expected to result in issued patents;
- we may be subject to interference proceedings;
- other companies may claim that patents applied for by, assigned or licensed to, us infringe upon their own intellectual property rights;
- we may be subject to trademark opposition proceedings in the U.S. and in foreign countries;

- any patents that are issued to us may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents licensed or issued to us as invalid, unenforceable or not infringed;
- other companies may independently develop similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies that we have licensed or developed;
- any patents issued to us may expire and competitors may utilize the technology found in such patents to commercialize their own products; and
- enforcement of patents is complex, uncertain and expensive.

It is also possible that others may obtain issued patents that could prevent us from commercializing certain aspects of our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. If we license patents, our rights will depend on maintaining our obligations to the licensor under the applicable license agreement, and we may be unable to do so. Furthermore, there can be no assurance that the work-for-hire, intellectual property assignment and confidentiality agreements entered into by our employees and consultants, advisors and collaborators will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of such trade secrets, know-how or other proprietary information. The scope and enforceability of patent claims are not systematically predictable with absolute accuracy. The strength of our own patent rights depends, in part, upon the breadth and scope of protection provided by the patent and the validity of our patents, if any.

***Impairments of the carrying amounts of intangible asset could negatively affect our financial condition and results of operations.***

Our intangible asset balance consists of our patented process to develop germinated whole grain wheat flour. We test our assets for impairment annually or more frequently if events or circumstances indicate it is more likely than not that the fair value of our intangible asset is less than its carrying amount. Such events and circumstances could include a sustained decrease in our market capitalization, increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant components of our business, unexpected business disruptions, unexpected significant declines in operating results, or significant adverse changes in the markets in which we operate. We test our intangible asset for impairment by comparing the estimated fair value with its carrying amount. If the carrying amount of the asset exceeds its estimated fair value, we record an impairment loss based on the difference between fair value and carrying amount.

While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2023 led us to conclude that it was possible that the fair value of our intangible asset was below their carrying amounts. These factors included: (i) a sustained decrease in our share price in 2023, which reduced our market capitalization below the book value of net assets; (ii) lack of financing raised during 2023 due to the economic environment (iii) delays in the launch of the sale of our UN(THINK) flour. Impairment of Company's intangible asset could have a material adverse effect on our business, operating results and financial condition.

***We operate in an industry with the risk of intellectual property litigation. Claims of infringement against us may hurt our business.***

Our success depends, in part, upon non-infringement of intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. Participants that own, or claim to own, intellectual property may aggressively assert their rights. From time to time, we may be subject to legal proceedings and claims relating to the intellectual property rights of others. Future litigation may be necessary to defend us or our clients by determining the scope, enforceability, and validity of third-party proprietary rights or to establish its proprietary rights. Some competitors have substantially greater resources and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. Regardless of whether claims that we are infringing patents or other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend and could:

- adversely affect relationships with future clients;
- cause delays or stoppages in providing products;
- divert management's attention and resources;
- require technology changes to our platform that would cause our Company to incur substantial cost;
- subject us to significant liabilities; and
- require us to cease some or all business activities.

In addition to liability for monetary damages, which may be tripled and may include attorneys' fees, or, in some circumstances, damages against clients, we may be prohibited from developing, commercializing, or continuing to provide some or all of our products unless we obtain licenses from, and pay royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favorable terms, or at all.

***We have limited foreign intellectual property rights and may not be able to protect our intellectual property rights throughout the world.***

We have limited intellectual property rights outside the United States. Filing, prosecuting and defending patents on devices in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patents to develop their own products and further, may export otherwise infringing products to territories where we have patents, but enforcement is not as strong as that in the United States.

Many companies have encountered significant problems in protecting and defending intellectual property in foreign jurisdictions. The legal systems of certain countries, particularly China and certain other developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. To date, we have not sought to enforce any issued patents in these foreign jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. The requirements for patentability may differ in certain countries, particularly developing countries. Certain countries in Europe and developing countries, including China and India, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

***If we are unable to obtain or defend our patents, our business could be materially adversely affected.***

Our patent position is highly uncertain and involves complex legal and factual questions. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced under our patents or in third-party patents. For example, we might not have been the first to make the inventions covered by each of our pending patent applications and provisional patents; we might not have been the first to file patent applications for these inventions; others may independently develop similar or alternative technologies or duplicate any of our technologies; it is possible that none of our pending patent applications will result in issued patents; our issued patents may not provide a basis for commercially viable technologies, or may not provide us with any competitive advantages, or may be challenged and invalidated by third parties; and, we may not develop additional proprietary technologies that are patentable.

As a result, our owned and licensed patents may not be valid and we may not be able to obtain and enforce patents and to maintain trade secret protection for the full commercial extent of our technology. The extent to which we are unable to do so could materially harm our business.

We have applied for and will continue to apply for patents for certain products. Such applications may not result in the issuance of any patents, and any patents now held or that may be issued may not provide us with adequate protection from competition. Furthermore, it is possible that patents issued or licensed to us may be challenged successfully. In that event, if we have a preferred competitive position because of such patents, such preferred position would be lost. If we are unable to secure or to continue to maintain a preferred position, we could become subject to competition from the sale of generic products. Failure to receive, inability to protect, or expiration of our patents would adversely affect our business and operations.

Patents issued or licensed to us may be infringed by the products or processes of others. The cost of enforcing our patent rights against infringers, if such enforcement is required, could be significant, and we do not currently have the financial resources to fund such litigation. Further, such litigation can go on for years and the time demands could interfere with our normal operations. We may become a party to patent litigation and other proceedings. The cost to us of any patent litigation, even if resolved in our favor, could be substantial. Many of our competitors may be able to sustain the costs of such litigation more effectively than we can because of their substantially greater financial resources. Litigation may also absorb significant management time.

Unpatented trade secrets, improvements, confidential know-how and continuing technological innovation are important to our scientific and commercial success. Although we attempt to and will continue to attempt to protect our proprietary information through reliance on trade secret laws and the use of confidentiality agreements with our partners, collaborators, employees and consultants, as well as through other appropriate means, these measures may not effectively prevent disclosure of our proprietary information, and, in any event, others may develop independently, or obtain access to, the same or similar information.

***International intellectual property protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources.***

Patent and other intellectual property law outside the United States is more uncertain and is continually undergoing review and revisions in many countries. Further, the laws of some foreign countries may not protect intellectual property rights to the same extent as the laws of the United States. For example, certain countries do not grant patent claims that are directed to business methods and processes. In addition, we may have to participate in opposition proceedings to determine the validity of its foreign patents or its competitors' foreign patents, which could result in substantial costs and diversion of its efforts and loss of credibility with customers.

***If we are found to be infringing on patents or trade secrets owned by others, we may be forced to cease or alter our product development efforts, obtain a license to continue the development or sale of our products, and/or pay damages.***

Our processes and potential products may violate proprietary rights of patents that have been or may be granted to competitors, universities or others, or the trade secrets of those persons and entities. As our industry expands and more patents are issued, the risk increases that our processes and potential products may give rise to claims that they infringe the patents or trade secrets of others. These other persons could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of the affected product or process. If any of these actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected product or use the affected process. Required licenses may not be available on acceptable terms, if at all, and the results of litigation are uncertain. If we become involved in litigation or other proceedings, it could consume a substantial portion of our financial resources and the efforts of our personnel.

***We rely on confidentiality agreements to protect our trade secrets. If these agreements are breached by our employees or other parties, our trade secrets may become known to our competitors.***

We rely on trade secrets that we seek to protect through confidentiality agreements with our employees and other parties. If these agreements are breached, our competitors may obtain and use our trade secrets to gain a competitive advantage over us. We may not have any remedies against our competitors and any remedies that may be available to us may not be adequate to protect our business or compensate us for the damaging disclosure. In addition, we may have to expend resources to protect our interests from possible infringement by others.

***We have a limited operating history on which to judge our business prospects and management.***

Our company was incorporated and commenced operations in 2017. Accordingly, we have only a limited operating history upon which to base an evaluation of our business and prospects. Operating results for future periods are subject to numerous uncertainties and we cannot assure you that we will achieve or sustain profitability. Our prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. Future operating results will depend upon many factors, including increasing the number of affiliates, our success in attracting and retaining motivated and qualified personnel, our ability to establish short term credit lines, our ability to develop and market new products, control costs, and general economic conditions. We cannot assure you that we will successfully address any of these risks.

***We may not be able to continue as a going concern.***

The Company has incurred substantial operating losses since its inception and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As reflected in the financial statements, the Company had an accumulated deficit of approximately \$44.5 million at December 31, 2023, a net loss of approximately \$11.7 million, and approximately \$6.5 million of net cash used in operating activities for the year ended December 31, 2023. 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 anticipates incurring additional losses until such time, if ever, that it can obtain marketing approval to sell, and then generate significant sales, of its technology that is currently in development. 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. The Company is seeking additional financing to support its growth plans. 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.

***Our management team will be required to devote substantial time to regulatory compliance which may divert our attention from the day-to-day management of our business.***

Our management team will require substantial attention from our senior management and could divert our attention away from the day-to-day management of our business. Regulatory compliance is increasingly complex and management may not have experience in all areas of public company compliance. The management team will seek assistance from external resources when appropriate for public company regulatory compliance and tax regulatory compliance for applicable jurisdictions.

***The Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.***

The Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

***If the Company is unable to attract and retain key personnel, it may not be able to compete effectively.***

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's Chief Executive Officer and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its intellectual property. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of the Company's employees.

***The size of the Company's initial target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.***

Because high growth crop technology is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly follows market research.

***The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.***

The agriculture industry and various verticals within it are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners and or customers if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify which could negatively impact its profitability.

***The Company will be reliant on information technology systems and may be subject to damaging cyberattacks.***

The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a risk. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.



***The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.***

Although certain officers and board members of the Company are expected to be bound by anti-circumvention agreements limiting their ability to enter into competing and/or conflicting ventures or businesses, the Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

***There is no guarantee that how the Company uses its available funds will yield the expected results or returns which could impact the business and financial condition of the Company.***

The Company cannot specify with certainty the particular uses of available funds. Management has broad discretion in the application of its proceeds. Accordingly, a holder of shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the available funds in ways that the Company's shareholders might not desire, that might not yield a favorable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest the available funds in a manner that does not produce income or that loses value.

***Our Articles of incorporation, by-laws and certain Canadian legislation, contain provisions that may have the effect of delaying or preventing a change in control.***

Certain provisions of our by-laws, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors may be willing to pay for our common shares. For instance, our by-laws contain provisions that establish certain advance notice procedures for nomination of candidates for election as directors at shareholders' meetings.

The *Investment Canada Act* requires any person that is non-Canadian (as defined in the *Investment Canada Act*) who acquires "control" (as defined in the *Investment Canada Act*) of an existing Canadian business to file either a pre-closing application for review or notification with Innovation, Science and Economic Development Canada. An acquisition of control is a reviewable transaction where prescribed financial thresholds are exceeded. The *Investment Canada Act* generally prohibits the implementation of a reviewable transaction unless, after review, the relevant Minister is satisfied that the acquisition is likely to be of net benefit to Canada. Under the national security regime in the *Investment Canada Act*, the federal government may undertake a discretionary review of a broader range of investments by a non-Canadian to determine whether such an investment by a non-Canadian could be "injurious to national security." Review on national security grounds is at the discretion of the federal government and may occur on a pre- or post-closing basis.

Furthermore, limitations on the ability to acquire and hold our common shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us. This legislation grants the Commissioner of Competition jurisdiction, for up to one year, to challenge this type of acquisition before the Canadian Competition Tribunal on the basis that it would, or would be likely to, substantially prevent or lessen competition. This legislation also requires any person who intends to acquire our common shares to file a notification with the Canadian Competition Bureau if (i) that person (and their affiliates) would hold, in the aggregate, more than 20% of all of our outstanding voting shares, (ii) certain financial thresholds are exceeded, and (iii) no exemption applies. Where a person (and their affiliates) already holds, in the aggregate, more than 20% of all of our outstanding voting shares, a notification must be filed if (i) the acquisition of additional shares would bring that person's (and their affiliates) holdings to over 50%, (ii) certain financial thresholds are exceeded and (iii) no exemption applies. Where a notification is required, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless compliance with the waiting period has been waived or the Commissioner of Competition provides written notice that he does not intend to challenge the acquisition. The Commissioner of Competition's review of a notifiable transaction for substantive competition law considerations may take longer than the statutory waiting period.

***We are governed by the corporate laws of British Columbia, Canada which in some cases have a different effect on shareholders than the corporate laws of the United States.***

We are incorporated under the *Business Corporations Act (British Columbia)* (the "BC Act") and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with our charter documents, have the effect of delaying, deferring or discouraging another party from acquiring control of our company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance. The material differences between the BC Act and Delaware General Corporation Law ("DGCL") that may have the greatest such effect include, but are not limited to, the following: (i) for certain corporate transactions (such as mergers and amalgamations or amendments to our articles) the BC Act generally requires the voting threshold to be a special resolution approved by 66 2/3% of shareholders, or as set out in the articles, as applicable, whereas DGCL generally only requires a majority vote; and (ii) under the BC Act a holder of 5% or more of our common shares can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL. We cannot predict whether investors will find our company and our common shares less attractive because we are governed by foreign laws.

### **Risks Related to the Ownership of Our Common Shares**

***New laws, regulations, and standards relating to corporate governance and public disclosure may create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming.***

These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, may evolve over time as new guidance is provided by the courts and other bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

As a public company subject to these rules and regulations, we may find it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

*The market price of our common shares and Series A Warrants may be volatile, and you may not be able to resell your common shares and Series A Warrants at or above the acquisition price.*

The market price for our common shares and Series A Warrants may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours;
- general economic or political conditions in the United States or elsewhere;
- any delay in development of our products or services;
- failure to comply with regulatory requirements;
- inability to commercially launch products and services and market and generate sales of our products and services,
- developments or disputes concerning intellectual property rights;
- our or our competitors' technological innovations;
- general and industry-specific economic conditions that may affect our expenditures;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies, or patents;
- future sales of our common shares or other securities, including shares issuable upon the exercise of outstanding warrants or convertible securities or otherwise issued pursuant to certain contractual rights;
- period-to-period fluctuations in our financial results; and
- low or high trading volume of our common shares due to many factors, including the terms of our financing arrangements.

In addition, if we fail to reach an important research, development or commercialization milestone or result by a publicly expected deadline, even if by only a small margin, there could be significant impact on the market price of our common shares. Additionally, as we approach the announcement of anticipated significant information and as we announce such information, we expect the price of our common shares to be particularly volatile and negative results would have a substantial negative impact on the price of our common shares and Series A Warrants.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, notwithstanding our operating results. The market price of our common shares and Series A Warrants will fluctuate and there can be no assurances about the levels of the market prices for our common shares and Series A Warrants.

In some cases, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our business operations and reputation.

*As an “emerging growth company” under applicable law, we will be subject to lessened disclosure requirements, which could leave our shareholders without information or rights available to shareholders of more mature companies.*

For as long as we remain an “emerging growth company” as defined in the JOBS Act, we have elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements;
- taking advantage of an extension of time to comply with new or revised financial accounting standard; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We expect to take advantage of these reporting exemptions until we are no longer an “emerging growth company.” Because of these lessened regulatory requirements, our shareholders would be left without information or rights available to shareholders of more mature companies. We cannot predict whether investors will find our common shares less attractive if we rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our stock price may be more volatile.

We are also a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act and have elected to follow certain scaled disclosure requirements available to smaller reporting companies.

*Because we have elected to use the extended transition period for complying with new or revised accounting standards for an “emerging growth company” our financial statements may not be comparable to companies that comply with public company effective dates.*

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates and may contain less or more modified disclosure than those public companies. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common shares.

*FINRA sales practice requirements may also limit your ability to buy and sell our common shares, which could depress the price of our shares.*

Financial Industry Regulatory Authority, Inc. (FINRA) rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

***If research analysts do not publish research about our business or if they issue unfavorable commentary or downgrade our common shares or Series A Warrants, our securities' price and trading volume could decline.***

The trading market for our securities may depend in part on the research and reports that research analysts publish about us and our business. If we do not maintain adequate research coverage, or if any of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our common shares and Series A Warrants could decline. If one or more of our research analysts ceases to cover our business or fails to publish reports on us regularly, demand for our securities could decrease, which could cause the price of our common shares and Series A Warrants or trading volume to decline.

***We may issue additional equity securities, or engage in other transactions that could dilute our book value or relative rights of our common shares, which may adversely affect the market price of our common shares and Series A Warrants.***

Our Board of Directors may determine from time to time that it needs to raise additional capital by issuing additional shares of our common shares or other securities. Except as otherwise described in this filing, we will not be restricted from issuing additional common shares, including securities that are convertible into or exchangeable for, or that represent the right to receive common shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of existing shareholders or reduce the market price of our common shares and Series A Warrants, or all of them. Holders of our securities are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, then-current holders of our securities. Additionally, if we raise additional capital by making offerings of debt or preference shares, upon our liquidation, holders of our debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of its available assets before the holders of our common shares.

***An investment in our Series A Warrants is speculative in nature and could result in a loss of your investment therein.***

The Series A Warrants do not confer any rights of common share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of our common shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Series A Warrants may exercise their right to acquire the common shares and pay an exercise price of \$300 per share (exercising 50 warrants at \$6 per warrant to receive one common share), prior to three years from the date of issuance, after which date any unexercised Series A Warrants will expire and have no further value. Moreover, the market value of the Series A Warrants is uncertain and there can be no assurance that the market value of the Series A Warrants will equal or exceed their initial price. There can be no assurance that the market price of the common shares will ever equal or exceed the exercise price of the Series A Warrants, and consequently, whether it will ever be profitable for holders of the Series A Warrants to exercise the Series A Warrants.

***Our Series A Warrants and contain a provision which only permits securities claims to be brought in federal court.***

Section 11 of our Series A Warrants states in relevant part: "The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan (except for claims brought under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, which must be brought in federal court)". Therefore any claims with respect to our Series A Warrants brought under the Securities Act of 1933 or the Securities Exchange Act must be brought in federal court while all other claims may be brought in federal or state court. Proceedings in federal court may be more expensive than in state court due to more comprehensive rules on how discovery and motion and trial practice are handled. This provision may have a dampening effect on claims brought under these securities laws or limit the ability of the investor to bring a claim in the jurisdiction it deems more favorable. This provision is likely enforceable as requirements regarding bringing securities claims have been met, but it may have the overall effect of discouraging litigation due to the circumstances described herein.

*We do not currently intend to pay dividends on our common shares in the foreseeable future, and consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common shares.*

We have never declared or paid cash dividends on our common shares and do not anticipate paying any cash dividends to holders of our common shares in the foreseeable future. Consequently, investors must rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity.**

We are committed to protecting the confidentiality, integrity, and availability of its information systems and the data they contain from cybersecurity threats. We acknowledge that cybersecurity is a dynamic and evolving area of risk that requires ongoing assessment, management, and oversight. As we grow in size and revenue, we intend to work with third party companies to assess, identify, manage, and mitigate material cybersecurity threats, as well as to respond to and recover from cybersecurity incidents, all as necessary.

We recognize the importance of maintaining our technology and data systems. Our cybersecurity policies, standards, processes, and practices are integrated across our operational departments.

#### ***Cybersecurity Risk Management and Strategy***

As one of the elements of our overall risk management program, we focus on the following key areas:

**Technical Safeguards:** We have commenced to implement technical safeguards, including but not limited to firewalls, anti-malware functionality and access controls.

**Outside Consultants:** We have identified and, as appropriate and when we have the budget to do so, will utilize outside consultants, including contractors and other third parties, to among other things, conduct regular testing of our networks and systems to identify vulnerabilities through penetration testing, while also measuring and advising on potential improvements to our incident prevention, response, and documentation procedures.

We have not encountered cybersecurity threats or experienced previously cybersecurity incidents that have materially affected or that we believe are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition.

#### **Governance**

##### Board of Directors Oversight

Our Board is aware of the critical nature of managing risks associated with cybersecurity threats. Management works with our Board to establish oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats because we recognize the significance of these threats to our operational integrity and stakeholder confidence. The Board has delegated to our Audit Committee the primary responsibility for oversight of cybersecurity risks.

##### Management's Role Managing Risk

Our Executive Team plays a primary role in informing the Audit Committee on cybersecurity risks. These individuals monitor activity and potential risks related to the day-to-day operations of the business, including reviewing results of the work of our outside consultants. They will provide briefings to the Audit Committee on a periodic basis regarding cybersecurity matters, including but not limited to the following:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reporting, if any, and learning from any cybersecurity events;
- Risk mitigation efforts and insurance, and
- Compliance with regulatory requirements and industry standard.

#### **Item 2. Properties**

The Company currently leases office space at 800-525 West 8th Avenue, Vancouver, BC V5Z 1C6 as its principal office. The Company will be moving to a virtual office model in order to reallocate rent expenditures to operations.

#### **Item 3. Legal Proceedings**

We are subject to the legal proceedings and claims described in detail in "Note 21. Commitments and Contingencies" to the audited financial statements included in this Annual Report on Form 10-K. Although the results of litigation and claims cannot be predicted with certainty, as of the date of this Annual Report on Form 10-K, we do not believe the outcome of such legal proceeding and claims, if determined adversely to us, would be reasonably expected to have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market information

Our common stock is currently quoted on Nasdaq Capital Market under the symbol “AGRI”, and warrants under the symbol “AGRIW”. The market price has been volatile.

On March 29, 2024, the closing price for our common stock as reported on the Nasdaq Capital Market was \$0.18 per share.

#### Securities outstanding and holders of record

On April 1, 2024, there were approximately 5,467 shareholders of record for our common stock and 22,573,938 shares of our common stock issued and outstanding.

#### Dividend Policy

We have never paid any cash dividends on our common shares. However, we have paid common share dividends on our preferred stock. Our preferred stock was retired and there were no preferred shares outstanding after the IPO. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends on our common shares in the foreseeable future. Any future determination to pay cash dividends on our common shares will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements and other factors that our Board of Directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

#### Information respecting equity compensation plans

The Company adopted a stock option plan originally on December 12, 2018 (the “Option Plan”), as amended, under which the compensation committee of the Board (the “Compensation Committee”) may from time to time in its discretion, recommend changes to the Option Plan to grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares (“Options”). The Board of Directors review recommendations and approve changes. As of the date of this filing, the Company has 76,114 Options outstanding, and [2,129,652] Options available for future issuances. The Option Plan was approved by the shareholders of the Company on June 10, 2019.

The following table provides information with respect to options outstanding under our Plan as at December 31, 2023:

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance</b>
Equity compensation plans approved by security holders	76,114	\$ 41.75	2,181,280
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>76,114</b>	<b>\$ 41.75</b>	<b>2,181,280</b>

#### Recent Sales of Unregistered Securities

The Company had the following sales of unregistered securities during the three months ended March 31, 2023:

300 common shares were issued to consultants.

32,742 common shares were issued upon conversion of prefunded warrants.

14,216 common shares were issued upon conversion of convertible debt.

3,118 common shares were issued as part of compensation to Company officers.

The Company had the following sales of unregistered securities during the three months ended June 30, 2023:

250 common shares were issued to consultants.

10,208 common shares were issued upon conversion of prefunded warrants.

36,111 common shares upon conversion of convertible debt in lieu of repayment in cash.

20,000 common shares issued to a shareholder in a private placement.

The Company had the following sales of unregistered securities during the three months ended September 30, 2023:

350 common shares were issued to consultants.

59,660 common shares were issued upon conversion of prefunded warrants.

422,194 common shares upon conversion of convertible debt in lieu of repayment in cash.

31,889 common shares were issued as part of compensation to Company officers and employees.

The Company had the following sales of unregistered securities during the three months ended December 31, 2023:

580,000 common shares were issued to consultants.

38,565 common shares were issued upon conversion of prefunded warrants.

2,694,611 common shares were issued upon conversion of convertible debt.

1,399,928 common shares upon conversion of convertible debt in lieu of repayment in cash.

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. 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. 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 \$0.90.

The Company had the following sales of unregistered securities from January 1, 2024 to April 1, 2024:

10,622,392 common shares were issued upon conversion of convertible debt.

5,871,210 common shares upon conversion of convertible debt in lieu of repayment in cash.

112,645 common shares were issued as part of compensation to Company officers.

126,646 common shares were issued to consultants.

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.

#### **Purchases of Equity Securities by the Issuer or Affiliated Purchasers**

There were no repurchases of shares of common stock made during the year ended December 31, 2023.

#### **Item 6. Selected Financial Data**

As a registrant that qualifies as a smaller reporting company, the Company is not required to provide the information required by this Item.

## Item 7. 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.*

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

#### Revenues

During the year, the Company sold and delivered its first shipment of hydroxyl generating devices. The shipment consisted of 5 units for gross sales of \$16,281.

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

#### Operating Expenses

Operating expenses primarily consist of wages and salaries, professional fees, consulting, office and administration, investor and public relations, research and development, and share-based compensation. Operating expenses decreased in the year ended December 31, 2023 as compared to December 31, 2022 by \$2,500,658 or 18% primarily due to the following:

- Professional fees and consulting decreased by \$1,480,038 and \$1,280,672, respectively due to a significant decrease in M&A spending during 2023 as a result of the Company focusing on organic growth of currently active ventures.
- Research and development decreased by \$609,104 due to limited research services procured during 2023 as compared to expenditures paid to RCS in 2022 as well as design and construction fees that were only incurred in 2022.
- Investor and public relations expenses decreased by \$459,711 due to more investor and public relations advisory services utilized in 2022 for communication.
- Wages and salaries decreased by \$441,530 due to a reduction in staff head count in 2023.
- Office and administrative decreased by \$286,012 due to overall cost cutting initiatives during 2023.
- Travel and entertainment decreased by \$170,614 due to a reduction in travel for foreign business development.
- Sales and marketing decreased by \$165,290 due to significant reductions in public relations agency work and social media contracted fees from cost cutting initiatives.
- Share based compensation decreased \$99,864 due to a significant number of option forfeitures from lower staff head count.
- Shareholder and regulatory decreased \$99,611 due to lower Rule 144 share releases in 2023.
- Lease expense decreased \$28,945 due to the termination of the Company's long term office lease in 2023.

This was partially offset by the following:

- Write down of construction in progress deposit of \$1,963,304 due to the termination of an agreement with a construction contractor.
- Depreciation and amortization increased \$657,431 due to the beginning of amortization of the intangible asset which became available for use in January 2023.

#### Other Expenses / (Income)

Other expense for the year ended December 31, 2023 increased due to the following:

- Accretion interest on debentures increased by \$4,566,721 due to the issuance of three additional tranches of convertible debentures during the year.
- Loss on conversion of convertible debt increased by \$1,284,703 (gain of \$93,973 – 2022) from the conversions of \$6,970,382 in principal and interest during the year (\$150,000 of principal – 2022) of convertible debentures into the Company's common shares at a loss.
- Loss on debt extinguishment increased by \$680,935 (nil – 2022) as a result of the conversion of \$1,489,974 of principal from the First Tranche Debentures into the Company's common shares which triggered an extinguishment of debt due to the change of the fair value of the debt after the conversion.
- Foreign exchange loss increased by \$365,088 due to a higher average cash balance during 2022 coupled with an increasing USD to CAD rate throughout versus a lower average cash balance during 2023 which saw several large decreases in USD to CAD rates throughout.

This was partially offset by the following:

- Change in fair value of derivative liabilities increased by \$5,641,017 due to a significant decrease in the Company's per share price of 99% during the period.
- All other items aggregate to \$107,040.

## Critical Accounting Estimates

### *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 has been determined using a market approach.

Fair value determinations of intangible assets require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of our intangible asset requires us to make assumptions and estimates regarding our future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, discount rates, growth rates, contributory asset charges, and other market factors. If current expectations of future growth rates and margins are not met, if market factors outside of our control, such as discount rates, change, or if management’s expectations or plans otherwise change, then our intangible might become impaired in the future.

Our intangible asset balance consists of our patented process to develop germinated whole grain wheat flour. We test our assets for impairment annually or more frequently if events or circumstances indicate it is more likely than not that the fair value of our intangible asset is less than its carrying amount. Such events and circumstances could include a sustained decrease in our market capitalization, increased competition or unexpected loss of market share, increased input costs beyond projections (for example due to regulatory or industry changes), disposals of significant components of our business, unexpected business disruptions, unexpected significant declines in operating results, or significant adverse changes in the markets in which we operate.

While there was no single determinative event or factor, the consideration in totality of several factors that developed during the fourth quarter of 2023 led us to conclude that it was possible that the fair value of our intangible asset was below their carrying amounts. These factors included: (i) a sustained decrease in our share price in 2023, which reduced our market capitalization below the book value of net assets; (ii) lack of financing raised during 2023 due to the economic environment (iii) delays in the launch of the sale of our UN(THINK) flour;

Accordingly, we performed an impairment test on our intangible asset as of December 31, 2023 based on the asset’s fair value based on net assets. As a result of our impairment test, we determined that the intangible asset was not impaired as of December 31, 2023. Subsequent to December 31, 2023, our market capitalization continued to decrease indicating that the intangible asset may be impaired in the foreseeable future.

### *Equity-linked instruments*

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.

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.”

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when “Accounting for Convertible Securities with Beneficial Conversion Features,” as those professional standards pertain to “Certain Convertible Instruments.”

The debenture conversion features are categorized as a Level 3 financial instrument. The Company utilized the Monte Carlo option-pricing for valuing the convertible features.

The First, Second, Third, Fourth, and Fifth Tranche of Debenture Warrants, collectively (the “Debenture Warrants”) are categorized as a Level 3 financial instrument. The Company utilized the Monte Carlo option-pricing model to value the Debenture Warrants.

The most subjective assumptions in such option pricing models include the implied volatility, expected term, risk-free rate and the probability of triggering the down-round provisions.

### *Share Based Compensation*

The Company uses the straight-line method to allocate compensation cost to reporting periods over each optionee’s requisite service period, which is generally the vesting period, and estimates the fair value of stock-based awards to employees and directors using the Black-Scholes option-valuation model (the “Black-Scholes model”). This model

incorporates certain assumptions for inputs including a risk-free market interest rate, expected dividend yield of the underlying common stock, expected option life, and expected volatility in the market value of the underlying common stock. The Company recognizes any forfeitures as they occur.

## ***Income Taxes***

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at period-end.

Deferred tax assets, including those arising from tax loss carryforwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities.

## **Liquidity and Capital Resources**

The Company's primary need for liquidity is to fund working capital requirements, capital expenditures, and 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 recorded a net loss of \$11,733,210 for the year ended December 31, 2023 compared to \$12,873,102 for the year ended December 31, 2022; and recorded an accumulated deficit of \$44,507,304 as of December 31, 2023 (\$32,774,094 – as of December 31, 2022). Net cash used in operating activities for the year ended December 31, 2023 was \$6,505,072 compared to \$12,079,359 for the year ended December 31, 2022.

We had \$3,878,578 in cash as at December 31, 2023 as compared to \$2,269,320 as at December 31, 2022.

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 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 costs of our mergers and acquisitions activity;
- the level of working capital required to support our growth; and
- our need for additional personnel, information technology or other operating infrastructure to support our growth and operations as a public company.

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 an early stage of development. 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 year ended December 31, 2023 was \$6,505,072 compared to \$12,079,359 for the year ended December 31, 2022. The change of \$5,574,287 was primarily due to the following:

- A decrease in net loss of \$1,139,892 due to operating expenses noted above.
- An increase to amortization of debt issuance costs of \$4,707,047 from the issuance of three additional tranches of convertible debentures during the year.
- Write down of construction in progress deposit of \$1,963,304 due to the termination of an agreement with a construction contractor.
- A favorable change in working capital of \$1,277,878 driven by the utilization of a prepaid retainer balance for investor relations services as well as amortization of deferred offering costs for usage of the Company's "At The Market" financing facility in 2023 and by a delay in payment of trade payables as part of a cash savings initiative.
- An increase to the loss on debt conversions and debt extinguishment of \$1,284,703 and \$680,935, respectively due to significant debt conversions.
- An increase to depreciation and amortization \$657,431 due to the beginning of amortization of the intangible asset which became available for use in January 2023.

This was partially offset by the following:

- Non-cash change in the fair value of derivative liabilities of \$5,641,017 due to decreased securities prices.
- A decrease of shares issued for compensation of \$435,851 due to lower employee headcount during 2023.
- All other items in an aggregate amount of \$60,035.

During the year ended December 31, 2023, net cash used in investing activities was for the purchase of an equity investment in RCS for \$225,000. The net cash used in investing activities for the year ended December 31, 2022 was related to the payment against acquisition of IP intangible asset of \$500,000 and acquisition of equipment and leasehold improvements amounting to \$104,986 due to increased staffing and office renovations, respectively. All other items aggregated to \$35,028.

Net cash provided by financing activities for the year ended December 31, 2023, represents net proceeds from debentures of \$9,615,385 as well as common shares issued for cash of \$1,342,915. This was partially offset by repayments on convertible debentures of \$2,143,091, financing costs of debentures of \$387,917 and share issuance costs of \$153,220. Net cash used in financing activities for the year ended December 31, 2022 represents net proceeds from debentures of \$12,750,000. This was partially offset by financing costs of debentures of \$1,634,894 and repayments of \$2,805,000 as well as payment of \$750,000 for the acquisition of an intangible asset.

#### **Off Balance Sheet Arrangements**

None.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a registrant that qualifies as a smaller reporting company, AgriFORCE™ is not required to provide the information required by this Item.

**Item 8. Financial Statements and Supplementary Data**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
AgriFORCE Growing Systems Ltd.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of AgriFORCE Growing Systems Ltd. (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive loss, shareholders’ equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

**Explanatory Paragraph – Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ Marcum LLP*

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Marcum LLP (PCAOB ID 688)

We have served as the Company’s auditor since 2020

Costa Mesa, CA  
April 1, 2024

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

	Note	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 3,878,578	\$ 2,269,320
Other receivable		30,859	48,941
Prepaid expenses and other current assets	4	272,872	598,342
Inventories	5	38,857	-
<b>Total current assets</b>		<b>4,221,166</b>	<b>2,916,603</b>
<b>Non-current</b>			
Property and equipment, net	6	11,801	121,672
Intangible asset, net	7	12,733,885	13,089,377
Operating lease right-of-use asset	20	-	1,540,748
Lease deposit, non-current		63,708	-
Construction in progress	8	113,566	2,092,533
Investment	9	223,801	-
Land deposit	4	-	2,085,960
<b>Total assets</b>		<b>\$ 17,367,927</b>	<b>\$ 21,846,893</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	\$ 1,942,011	\$ 1,147,739
Debentures	11	4,084,643	3,941,916
Contract liabilities	12	15,336	-
Lease liability – current	20	-	271,110
<b>Total current liabilities</b>		<b>6,041,990</b>	<b>5,360,765</b>
<b>Non-current</b>			
Lease deposit, non-current		25,684	-
Lease liability – non-current	20	-	1,250,060
Derivative liabilities	13	2,690,308	4,649,115
Long term loan	14	45,365	44,300
<b>Total liabilities</b>		<b>8,803,347</b>	<b>11,304,240</b>
Commitments and contingencies	21		
<b>Shareholders' equity</b>			
Common shares, no par value per share - unlimited shares authorized; 5,841,045 and 315,916 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively*	15	49,828,942	27,142,762
Additional paid-in-capital	15	3,472,444	16,816,695
Obligation to issue shares	15	97,094	-
Accumulated deficit		(44,507,304)	(32,774,094)
Accumulated other comprehensive loss		(326,596)	(642,710)
<b>Total shareholders' equity</b>		<b>8,564,580</b>	<b>10,542,653</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 17,367,927</b>	<b>\$ 21,846,893</b>

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

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



**AGRIFORCE GROWING SYSTEMS LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in US dollars)  
For the years ended December 31, 2023 and 2022

	Note	2023	2022
<b>Revenue</b>	16	\$ 16,281	\$ -
<b>Cost of sales</b>		13,577	-
Gross profit		<u>2,704</u>	<u>-</u>
<b>OPERATING EXPENSES</b>			
Wages and salaries		2,961,569	3,403,099
Write down of construction in progress deposit	8	1,963,304	-
Consulting		1,281,236	2,561,908
Professional fees		1,188,984	2,669,022
Office and administrative		1,041,725	1,327,739
Share based compensation	15	841,081	940,945
Depreciation and amortization	6 & 7	679,844	22,413
Investor and public relations		447,725	907,436
Lease expense	20	290,017	318,962
Sales and marketing		221,840	387,130
Shareholder and regulatory		121,472	221,083
Travel and entertainment		110,224	280,838
Research and development	19	6,589	615,693
		<u>11,155,610</u>	<u>13,656,268</u>
<b>Operating loss</b>		(11,152,906)	(13,656,268)
<b>OTHER EXPENSES / (INCOME)</b>			
Foreign exchange loss (gain)		75,009	(290,079)
Change in fair value of derivative liabilities	13	(9,360,886)	(3,719,869)
Accretion of interest on debentures	11	7,963,299	3,396,578
Loss (gain) on conversion of convertible debt	11	1,190,730	(93,973)
Loss on debt extinguishment	11	680,935	-
Write-off of deposit		12,000	-
Other loss	6 & 20	105,684	-
Other income		(86,467)	(75,823)
<b>Net loss</b>		(11,733,210)	(12,873,102)
<b>Other comprehensive loss</b>			
Foreign currency translation		316,114	(609,624)
<b>Comprehensive loss</b>		<u>\$ (11,417,096)</u>	<u>\$ (13,482,726)</u>
<b>Basic and diluted net loss*</b>		<u>\$ (10.11)</u>	<u>\$ (35.60)</u>
<b>Weighted average number of common shares outstanding – basic and diluted*</b>		<u>1,160,523</u>	<u>361,607</u>

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

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

**AGRIFORCE GROWING SYSTEMS LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in US dollars, except share numbers)

	Note	Common Shares		Additional Paid-in- capital	Obligation to issue shares	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total Shareholders' Equity
		# of Shares*	Amount					
<b>Balance, December 31, 2021</b>		303,534	\$ 25,637,543	\$ 2,203,343	\$ 93,295	\$(19,900,992)	\$ (33,086)	\$ 8,000,103
Shares issued for conversion of convertible debt	11 & 15	1,351	131,532	-	-	-	-	131,532
Shares issued for compensation	15	5,336	520,230	-	-	-	-	520,230
Shares issued for consulting services	15	5,695	853,457	-	(93,295)	-	-	760,162
Prefunded warrants issued	4 & 7	-	-	14,192,637	-	-	-	14,192,637
Share based compensation	15	-	-	420,715	-	-	-	420,715
Net loss		-	-	-	-	(12,873,102)	-	(12,873,102)
Foreign currency translation		-	-	-	-	-	(609,624)	(609,624)
<b>Balance, December 31, 2022</b>		<u>315,916</u>	<u>\$ 27,142,762</u>	<u>\$ 16,816,695</u>	<u>\$ -</u>	<u>\$(32,774,094)</u>	<u>\$ (642,710)</u>	<u>\$ 10,542,653</u>
Shares issued for conversion of convertible debt	11 & 15	4,566,970	9,292,871	-	-	-	-	9,292,871
Shares issued for compensation	15	54,083	348,199	-	97,094	-	-	445,293
Shares issued for consulting services	15	580,900	324,311	-	-	-	-	324,311
Shares issued for cash, net of issuance costs	15	124,652	939,695	-	-	-	-	939,695
Shares issued in private placement	15	20,000	204,880	-	-	-	-	204,880
Shares issued on conversion of vested prefunded warrants	7 & 15	141,175	11,576,224	(11,576,224)	-	-	-	-
Fractional shares issued due to roundup from reverse split		37,349	-	-	-	-	-	-
Cancelled prefunded warrants	4	-	-	(2,085,960)	-	-	-	(2,085,960)
Share based compensation	15	-	-	317,933	-	-	-	317,933
Net loss		-	-	-	-	(11,733,210)	-	(11,733,210)
Foreign currency translation		-	-	-	-	-	316,114	316,114
<b>Balance, December 31, 2023</b>		<u>5,841,045</u>	<u>\$ 49,828,942</u>	<u>\$ 3,472,444</u>	<u>\$ 97,094</u>	<u>\$(44,507,304)</u>	<u>\$ (326,596)</u>	<u>\$ 8,564,580</u>

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

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

**AGRIFORCE GROWING SYSTEMS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in US Dollars)  
For the years ended December 31, 2023 and 2022

	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (11,733,210)	\$ (12,873,102)
Adjustments to reconcile net loss to net cash used in operating activities:			
Write down of construction in progress deposit	8	1,963,304	-
Depreciation and amortization	6 & 7	679,844	22,413
Share based compensation	15	317,933	420,715
Shares issued for consulting services	15	324,311	760,162
Shares issued for compensation	15	445,293	520,230
Loss (gain) on debt conversion		1,190,730	(93,973)
Loss on debt extinguishment		680,935	-
Loss on disposal of fixed assets		75,362	-
Loss on termination of right of use asset		30,322	-
Amortization of debt issuance costs		7,764,872	3,057,825
Write-off of deposit		12,000	-
Change in fair value of derivative liabilities		(9,360,886)	(3,719,869)
Changes in operating assets and liabilities:			
Other receivables		18,082	(16,615)
Prepaid expenses and other current assets		313,470	(274,302)
Inventories		(38,857)	-
Lease deposit asset		(63,708)	-
Accounts payable and accrued liabilities		834,147	75,552
Right-of-use asset		-	297,034
Lease liabilities		-	(255,429)
Contract liabilities		15,300	-
Lease deposit liability		25,684	-
Net cash used in operating activities		<u>(6,505,072)</u>	<u>(12,079,359)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment	9	(225,000)	-
Acquisition of equipment and leasehold improvements		-	(104,986)
Payment against acquisition of intangibles	7	-	(500,000)
Return of deposit on purchase of land		-	20,000
Construction in progress		-	(55,028)
Net cash used in investing activities		<u>(225,000)</u>	<u>(640,014)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from common shares issued for cash		1,342,915	-
Share issuance costs paid		(153,220)	-
Proceeds from debentures – net of discount		9,615,385	12,750,000
Repayment of convertible debentures		(2,143,091)	(2,805,000)
Financing costs of debentures		(387,917)	(1,634,894)
Payment for acquisition of intangible asset	7	-	(750,000)
Net cash provided by financing activities		<u>8,274,072</u>	<u>7,560,106</u>
Effect of exchange rate changes on cash		65,258	(346,703)
Change in cash		1,609,258	(5,505,970)
Cash, beginning of year		2,269,320	7,775,290
Cash, end of year		<u>\$ 3,878,578</u>	<u>\$ 2,269,320</u>
Supplemental cash flow information:			
Cash paid during the period for interest		\$ 198,427	\$ 338,753
Supplemental disclosure of non-cash investing and financing transactions			
Initial fair value of debenture warrants (“Second Tranche Warrants”)		\$ 2,378,000	\$ -
Initial fair value of conversion feature of debentures (“Second Tranche Debentures”)		1,599,000	-
Initial fair value of debenture warrants (“Third Tranche Warrants”)		1,251,000	-
Initial fair value of conversion feature of debentures (“Third Tranche Debentures”)		1,152,000	-
Initial fair value of debenture warrants (“Fourth Tranche Warrants”)		1,053,000	-
Initial fair value of conversion feature of debentures (“Fourth Tranche Debentures”)		1,065,000	-
Reclassified accrued construction in progress fees		39,875	-
Shares issued for conversion of convertible debt		9,292,871	131,532
Initial fair value of debenture warrants (First Tranche Warrants”)		-	4,080,958
Initial fair value of conversion feature of debentures (“First Tranche Debentures”)		-	3,336,535
Prefunded warrants issued related to intangible assets		-	12,106,677
Prefunded warrants related to land deposit		-	2,085,960

Prefunded warrants related to land deposit cancelled	2,085,960	-
Initial operating lease liability recognized under Topic 842	-	1,776,599
Initial lease right-of-use asset recognized under Topic 842	-	1,837,782

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

(Expressed in US Dollars, except where noted)

### 1. BUSINESS OVERVIEW

AgriFORCE Growing Systems Ltd. (“AgriFORCE™” of 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 8<sup>th</sup> Avenue, Vancouver, British Columbia, Canada, V5Z 1C6.

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

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

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

### 2. BASIS OF PREPARATION

#### *Basis of Presentation*

The accompanying audited consolidated financial statements (the “financial statements”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements and accompanying notes are the representations of the Company’s management, who are responsible for their integrity and objectivity. In the opinion of the Company’s management, the financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

#### *Principal of Consolidation*

Our consolidated financial statements include the accounts of our wholly owned subsidiaries. We consolidate variable interest entities (VIEs) when we have variable interests and are the primary beneficiary. The Company has no VIEs.

All inter-company balances and transactions have been eliminated on consolidation. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

<u>Name of entity:</u>	<u>Country of Incorporation</u>	<u>Purpose</u>	<u>Date of Incorporation</u>
AgriFORCE Growing Systems Ltd.	Canada	Parent Company	Dec 22, 2017
un(Think) Food Company Canada Ltd.*	Canada	Food Product Manufacturing Real Estate Holding and	Dec 4, 2019
West Pender Holdings, Inc.	United States	Development Company	Sep 1, 2018
AgriFORCE Investments Inc.	United States	Holding Company	Apr 9, 2019
West Pender Consulting Company	United States	Management Advisory Services	Jul 9, 2019
AGI IP Co.	United States	Intellectual Property	Mar 5, 2020
un(Think) Food Company	United States	Food Product Manufacturing	June 20, 2022
AgriFORCE Europe BV***	Belgium	Holding Company	March 29, 2023
AgriFORCE Belgium BV***	Belgium	Holding Company	March 29, 2023
GrowForce BV***	Belgium	Holding Company	June 19, 2023
AgriFORCE (Barbados) Ltd.***	Barbados	Holding Company	October 14, 2022

\* un(Think) Food Company Canada Ltd. changed its name from Daybreak AG Systems Ltd. on August 19, 2022.

\*\* West Pender Consulting Company changed its name from West Pender Management Co. on August 1, 2022.

\*\*\* Entities have no activity and are in the process of being dissolved.

### ***Functional and Reporting Currency***

The functional currency for each entity included in these consolidated financial statements is the currency of the primary economic environment in which the entity operates. These consolidated financial statements are presented in United States dollars (“USD”). Currency conversion to USD is performed in accordance with ASC 830, Foreign Currency Matters.

### ***Use of Estimates***

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Significant estimates reflected in these financial statements include, but are not limited to, accounting for share-based compensation, valuation of derivative liabilities, valuation of embedded conversion feature, going concern, impairment as well as depreciation method. Actual results could differ from these estimates and those differences could be material.

### ***Going Concern***

The Company has incurred substantial operating losses since its inception, and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As reflected in the financial statements, the Company had an accumulated deficit of approximately \$44.5 million at December 31, 2023, a net loss of approximately \$11.7 million, and approximately \$6.5 million of net cash used in operating activities for the year ended December 31, 2023. 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 anticipates incurring additional losses until such time, if ever, that it can obtain marketing approval to sell, and then generate significant sales, of its technology that is currently in development. The Company will need to raise additional capital in order 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. The Company is seeking additional financing to support its growth plans. 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.

### ***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.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### ***Cash***

The Company's cash consists of cash maintained in checking and interest-bearing accounts. The Company accounts for financial instruments with original maturities of three months or less at the date of purchase as cash equivalents. The Company held no cash equivalents as of December 31, 2023 and 2022.

### ***Inventories***

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

### ***Property and Equipment***

Property and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of computer equipment and furniture and fixtures. The following useful lives are applied:

Computer equipment	3 years
Furniture and fixtures	7 years
Leasehold improvements	Lower of estimated useful life or remaining lease term

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

Construction in progress includes construction progress payments, deposits, engineering costs, interest expense for debt financing on long-term construction projects and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of property and equipment when the assets are available for use, at which point the depreciation of the asset commences.

### ***Definite Lived Intangible Asset***

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

### ***Impairment of Long-Lived Assets***

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

### ***Investments***

The Company accounts for its investments in accordance with ASC 321, Investments – Equity Securities (“ASC 321”). The Company’s investment does not have a readily determinable fair value, therefore the Company has elected to account for its investment at cost, less impairment. Adjustments to fair value are made when there are observable transactions that provide an indicator of fair value. Additionally, if qualitative factors demonstrate a potential impairment to the investment, fair value must be estimated, and the investment written down if the fair value is lower than the carrying value.

### ***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.

### ***Leases***

The Company determines at the inception of a contract if the arrangement is or contains a lease. A contract is or contains a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration. The Company classifies leases at the lease commencement date as operating or finance leases and records a right-of-use asset and a lease liability on the balance sheet for all leases with an initial lease term of greater than 12 months. Leases with an initial term of 12 months or less are not recorded on the balance sheet, but payments are recognized as expense on a straight-line basis over the lease term.

The Company’s contracts can contain both lease and non-lease components. The non-lease components may include maintenance, utilities, and other operating costs. The Company combines the lease and non-lease components of fixed costs in its leases as a single lease component. Variable costs, such as utilities or maintenance costs, are not included in the measurement of right-of-use assets and lease liabilities. These costs are expensed when the event determining the amount of variable consideration to be paid occurs.

Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of future lease payments over the expected lease term. The Company determines the present value of future lease payments by using its estimated secured incremental borrowing rate for that lease term as the interest rate implicit in the lease is not readily determinable. The Company estimates its incremental borrowing rate for each lease based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments over a similar term.



### ***Revenue Recognition***

Product revenue in 2023 was limited to sales from hydroxyl generators and will expand to include sales of our un(Think) Foods products in 2024. We recognize product revenue when we satisfy performance obligations by transferring control of the promised products or services to customers. Product revenue is recognized at a point in time when control of the promised good or service is transferred to the customer, which is at the point of shipment or delivery of the goods.

### ***Contract Balances***

We recognize a receivable when the Company has a right to consideration for which the Company has completed the performance obligations and only the passage of time is required before payment of that consideration is due.

We recognize a contract asset when revenue is recognized prior to invoicing.

We recognize a contract liability when a customer provides payment to the Company for a performance obligation not yet satisfied.

Payment terms generally require payments within 30 days.

### ***Loss per Common 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.

### ***Research and Development***

Expenditure on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as expense when incurred.

### ***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.

### ***Fair value of Financial Instruments***

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

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

- Level 1: Defined as observable inputs, such as quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Defined as observable inputs other than quoted prices included in Level 1. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Defined as unobservable inputs to the valuation methodology that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, as well as significant management judgment or estimation.

### ***Income Taxes***

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at period-end.

Deferred tax assets, including those arising from tax loss carryforwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities.

The Company records uncertain tax positions based on a two-step process whereby (1) a determination is made as to whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. Significant judgment is required in the identification of uncertain tax positions and in the estimation of penalties and interest on uncertain tax positions.

There were no material uncertain tax positions as of December 31, 2023 and 2022.

#### ***Share Based Compensation***

The Company generally uses the straight-line method to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period, and estimates the fair value of stock-based awards to employees and directors using the Black-Scholes option-valuation model (the "Black-Scholes model"). This model incorporates certain assumptions for inputs including a risk-free market interest rate, expected dividend yield of the underlying common stock, expected option life, and expected volatility in the market value of the underlying common stock. The Company recognizes any forfeitures as they occur.

#### ***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 August 2020, the FASB issued ASU 2020-06 "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity" ("ASU 2020-06"). The intention of ASU 2020-06 is to address the complexities in accounting for certain financial instruments with a debt and equity component. Under ASU 2020-06, the number of accounting models for convertible notes will be reduced and entities that issue convertible debt will be required to use the if-converted method for the computation of diluted "Earnings per share" under ASC 260. ASC 2020-06 is effective for fiscal years beginning after December 15, 2023 and may be adopted through either a modified retrospective method of transition or a fully retrospective method of transition. ASU 2020-06 was adopted by the Company on January 1, 2023. Since the Company had a net loss for the year ended December 31, 2023 and its convertible debentures were determined to be anti-dilutive, there was no material impact to its basic and diluted net loss per share for the period as a result of adopting ASU 2020-06.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses.” The standard, including subsequently issued amendments, requires a financial asset measured at amortized cost basis, such as accounts receivable and certain other financial assets, to be presented at the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, and requires the modified retrospective approach. ASU 2016-13 was adopted by the Company on January 1, 2023. Based on the composition of the Company’s affected financial assets, current market conditions, and historical credit loss activity, the adoption did not have a material impact to these annual financial statements.

In October 2021, FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. Under ASU 2021-08, an acquirer must recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. ASU 2021-08 was adopted on January 1, 2023 and did not have a material impact to these annual financial statements.

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

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

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

#### Reclassifications

The Company has reclassified certain share base payment expenses from *Wages and salaries* to *Share based compensation* in the 2022 consolidated statements of comprehensive loss to align with the 2023 presentation.

#### 4. PREPAID EXPENSES AND OTHER CURRENT ASSETS AND LAND DEPOSIT

	December 31, 2023	December 31, 2022
Deposits	\$ -	\$ 12,000
Legal retainer	8,039	24,457
Prepaid expenses	223,624	436,496
Inventory advances	30,654	-
Deferred offering costs	-	100,337
Others	10,555	25,052
	<u>\$ 272,872</u>	<u>\$ 598,342</u>

On August 31, 2022, the Company signed a purchase and sale agreement with Stronghold Power Systems, Inc. (“Stronghold”), to purchase approximately seventy acres of land located in the City of Coachella as well as the completion of certain permitting, zoning, and infrastructure work by Stronghold for a total purchase price of \$4,300,000. The purchase price consists of:

- (i) \$1,500,000 in cash due on March 31, 2023.
- (ii) A first stock deposit of \$1,700,000 in prefunded warrants. The Company issued 13,917 prefunded warrants on September 9, 2022 to Stronghold.
- (iii) A second stock deposit \$1,100,000 in prefunded warrants. The Company issued 9,005 prefunded warrants on September 9, 2022 to Stronghold.

At December 31, 2022 the \$2,085,960 of prefunded warrants were recorded under land deposit in relation to the Stronghold agreement.

On March 31, 2023 the prefunded warrants issued were rescinded and the warrants were rendered null and void as the Company presented a termination notice to Stronghold and the value under land deposit was also reversed.

#### 5. INVENTORIES

As at December 31, 2023, the Company had \$38,857 (December 31, 2022 - nil) in finished goods.

#### 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2023	December 31, 2022
Leasehold improvements	\$ -	\$ 86,979
Computer equipment	30,812	39,112
Furniture and fixtures	10,299	37,590
Total property and equipment	41,111	163,681
Less: Accumulated depreciation	(29,310)	(42,009)
Property and equipment, net	<u>\$ 11,801</u>	<u>\$ 121,672</u>

Depreciation expense on property and equipment for the years ended December 31, 2023 was \$24,892 (December 31, 2022 - \$22,413). During the year ended December 31, 2023, the Company disposed of property and equipment which resulted in a loss of \$75,362 (December 31, 2022 - \$nil). This is included in other losses.

## 7. INTANGIBLE ASSET

Intangible asset represents \$12,733,885 (December 31, 2022 - \$13,089,377) for intellectual property (“Manna IP”) acquired under an asset purchase agreement with Manna Nutritional Group, LLC (“Manna”) dated September 10, 2021. The Manna IP encompasses patented technologies to naturally process and convert grains, pulses, and root vegetables, into low-starch, low-sugar, high-protein, fiber-rich baking flour products, as well as a wide range of breakfast cereals, juices, natural sweeteners, and baking enhancers. The Company paid \$1,475,000 in cash and issued 147,600 prefunded warrants valued at \$12,106,677 (the “Purchase Price”). Subject to a 9.99% stopper and SEC Rule 144 restrictions, the prefunded warrants will vest in tranches up until March 10, 2024. When vested the tranches of prefunded warrants are convertible into an equal number of common shares.

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

Based on the terms above and in conformity with US GAAP, the Company accounted for purchase as an asset acquisition. The asset was completed and will be amortized over its useful life of 20 years. The Company recorded \$654,952 in amortization expense related to the Manna IP for the year ended December 31, 2023 (December 31, 2022 - \$nil).

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

Period ending:	Amount
2024	\$ 670,205
2025	670,205
2026	670,205
2027	670,205
2028	670,205
Subsequent years	9,382,860
Total	\$ 12,733,885

## 8. CONSTRUCTION IN PROGRESS

The Company engaged external contractors to begin construction work on its first facility. During the year ended December 31, 2023, the Company terminated the agreement with one of its construction contractors and wrote down the deposit of \$1,963,304 as the return of the deposit is being disputed with the construction contractor. As of December 31, 2023, \$113,566 (December 31, 2022 – \$2,092,533) represents progress payments related to facility construction.

## 9. INVESTMENT

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

As at December 31, 2023, the carrying value of the investment in RCS was \$223,801 adjusted for foreign exchange differences of \$1,199. As at December 31, 2023, there were no qualitative factors demonstrating potential impairment.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Accounts payable	\$ 578,128	\$ 498,188
Accrued expenses	868,451	365,521
Others	495,432	284,030
	\$ 1,942,011	\$ 1,147,739

## 11. 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.

The First, Second, Third and Fourth 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 and May 1, 2024 for the Fourth 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<sup>th</sup> month, at the rate of 8% per annum.

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

	<u>Maturity</u>	<u>Cash Interest Rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Principal (First Tranche Debentures)	12/31/2024	5.00% - 8.00%	\$ 3,029,676	\$ 11,070,000
Principal (Second Tranche Debentures)	07/17/2025	5.00% - 8.00%	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%	2,750,000	-
Debt issuance costs and discounts (Note 11 & 13)			(7,385,494)	(7,128,084)
Total Debentures (current)			<u>\$ 4,084,643</u>	<u>\$ 3,941,916</u>

The effective interest rates of the First Tranche Debentures were 168.60% and 18.5% as of December 31, 2023 (December 31, 2022 – 168.60% for both First Tranche Debentures). The fair value of the First Tranche Debentures as of December 31, 2023 was \$3,113,000 (Level 3).

The effective interest rates of the Second Tranche Debentures were 320.16% as of December 31, 2023 and 2022. The fair value of the First Tranche Debentures as of December 31, 2023 was \$3,188,000 (Level 3).

The effective interest rates of the Third Tranche Debentures were 970.08% as of December 31, 2023. The fair value of the First Tranche Debentures as of December 31, 2023 was \$2,946,000 (Level 3).

The effective interest rates of the Fourth Tranche Debentures were 218.52% as of December 31, 2023. The fair value of the First Tranche Debentures as of December 31, 2023 was \$3,006,000 (Level 3).

On November 30, 2023, an Investor converted \$1,489,974 of the First Tranche Debentures into 1,655,527 shares of the Company. The conversion was determined to be an extinguishment of the existing debt and issuance of new debt. As a result, the Company recorded a loss on debt extinguishment in the amount of \$680,935.

During the year ended December 31, 2023, the Investors converted \$6,543,721 of principal and \$426,661 of interest into 2,911,443 shares of the Company resulting in a \$1,190,730 loss on the conversion of convertible debentures.

During the year, the investors provided waivers for certain monthly redemptions to be settled in shares despite the Company not meeting the equity conditions, which require daily trading volume for the Common Stock on the principal Trading Market exceeds \$1,000,000 per Trading Day for 20 consecutive days.

During the year ended December 31, 2023, the Company recorded \$7,963,299 of accretion interest.

Subsequent to the year end, an Investor purchased an additional tranche of \$1,100,000. The convertible debt and 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 Debentures and the First, Second, Third and Fourth Tranche Warrants to \$0.214.

## 12. CONTRACT BALANCES

As at December 31, 2023, contract balances consisted of \$15,336 of advance payments for product sales not yet delivered, which are recognized as a contract liability (December 31, 2022 - \$nil).

## 13. DERIVATIVE LIABILITIES

The Company's derivative liabilities consist of warrants, denominated in a currency other than the Company's functional currency (the "Warrant Liabilities") and conversion rights embedded in the Debentures (the "Debenture Convertible Features"), see Note 11.

### *Warrant Liabilities*

As at December 31, 2023, the Warrant Liabilities represent aggregate fair value of publicly traded 61,765 Series A warrants ("IPO Warrants"), 2,721 representative's warrants ("Rep Warrants"), 82,129 First Tranche Warrants, 53,226 Second Tranche Warrants, 620,230 Third Tranche Warrants, 1,986,112 Fourth Tranche Warrants and 20,000 warrants issued in a private placement (Note 15) on June 20, 2023 ("Private Placement Warrants").

The fair value of the Private Placement Warrants amounted to \$23 (June 20, 2023 - \$45,120). As at December 31, 2023 the Company utilized the Black-Scholes option-pricing model for the Private Placement Warrants and used the following assumptions: stock price \$0.47 (June 20, 2023 - \$12.50), dividend yield – nil (June 20, 2023 – nil), expected volatility 105% (June 20, 2023 – 65.0%), risk free rate of return 3.88% (June 20, 2023 – 4.58%), and expected term of 1.50 years (June 20, 2023 – expected term of 2 years).

The fair value of the IPO Warrants and Rep Warrants amounted to \$11,285 (December 31, 2022 - \$275,115). The Rep Warrants are exercisable one year from the effective date of the IPO registration statement and will expire three years after the effective date.

The fair value of the First Tranche Warrants amounted to \$24,000 (December 31, 2022 - \$2,917,000). As at December 31, 2023 the Company utilized the Monte Carlo option-pricing model to value the First Tranche Warrants using the following assumptions: stock price \$0.47 (December 31, 2022 - \$56.50), dividend yield – nil (December 31, 2022 – nil), expected volatility 100.0% (December 31, 2022 – 95.0%), risk free rate of return 4.23% (December 31, 2022 – 4.22%), and expected term of 2 years (December 31, 2022 – expected term of 3 years).

As at December 31, 2023 the Second Tranche Warrants had a fair value that amounted to \$15,000 (January 17, 2023 - \$2,378,000). As at December 31, 2023 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price \$0.47 (January 17, 2023 - \$60.50), dividend yield – nil (January 17, 2023 – nil), expected volatility 105.0% (January 17, 2023 – 95.0%), risk free rate of return 4.12% (January 17, 2023 – 3.80%), and expected term of 2.55 years (January 17, 2023 – expected term of 3.5 years).

As at December 31, 2023 the Third Tranche Warrants had a fair value that amounted to \$192,000 (October 18, 2023 - \$1,251,000). As at December 31, 2023 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price \$0.47 (October 18, 2023 - \$2.64), dividend yield – nil (October 18, 2023 – nil), expected volatility 107.5% (October 18, 2023 – 105.0%), risk free rate of return 3.98% (October 18, 2023 – 5.00%), and expected term of 3.3 years (October 18, 2023 – expected term of 3.5 years).

As at December 31, 2023 the Fourth Tranche Warrants had a fair value that amounted to \$724,000 (November 30, 2023 - \$1,053,000). As at December 31, 2023 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price \$0.47 (November 30, 2023 - \$0.84), dividend yield – nil (November 30, 2023 – nil), expected volatility 107.5% (November 30, 2023 – 105.0%), risk free rate of return 3.97% (November 30, 2023 – 4.44%), and expected term of 3.42 years (November 30, 2023 – expected term of 3.5 years).

### *Debenture Convertible Feature*

As at December 31, 2023 the fair value of the First Tranche Debentures' convertible feature amounted to \$164,000 (December 31, 2022 - \$1,457,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price \$0.47 (December 31, 2022 - \$56.50), dividend yield – nil (December 31, 2022 – nil), expected volatility 100.0% (December 31, 2022 – 95.0%), risk free rate of return 5.03% (December 31, 2022 – 4.41%), discount rate 17.50% (December 31, 2022 – 13.65%), and expected term of 1 year (December 31, 2022 – 2 years).

As at December 31, 2023 the fair value of the Second Tranche Debentures' convertible feature amounted to \$429,000 (January 17, 2023 - \$1,599,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price \$0.47 (January 17, 2023 - \$60.50), dividend yield – nil (January 17, 2023 – nil), expected volatility 105.0% (January 17, 2023 – 95.0%), risk free rate of return 4.51% (January 17, 2023 – 4.02%), discount rate 17.50% (January 17, 2023 – 11.65%), and expected term of 1.55 years (January 17, 2023 – 2.50 years).

As at December 31, 2023 the fair value of the Third Tranche Debentures' convertible feature amounted to \$491,000 (October 18, 2023 - \$1,152,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price \$0.47 (October 18, 2023 - \$2.64), dividend yield – nil (October 18, 2023 – nil), expected volatility 107.5% (October 18, 2023 – 105.0%), risk free rate of return 4.12% (October 18, 2023 – 5.11%), discount rate 17.25% (October 18, 2023 – 18.25%), and expected term of 2.30 years (October 18, 2023 – 2.50 years).



As at December 31, 2023 the fair value of the Third Tranche Debentures' convertible feature amounted to \$640,000 (November 30, 2023 - \$1,065,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price \$0.47 (November 30, 2023 - \$0.84), dividend yield – nil (November 30, 2023 – nil), expected volatility 107.5% (November 30, 2023 – 105.0%), risk free rate of return 4.12% (November 30, 2023 – 4.61%), discount rate 17.25% (November 30, 2023 – 18.25%), and expected term of 2.42 years (November 30, 2023 – 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 Company’s Level 1 and 3 financial instruments for the year ended December 31, 2023 were as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Level 3</u>	
	<u>Equity Warrants</u>	<u>Debenture Warrants</u>	<u>Debenture Convertible Feature</u>	<u>Total</u>
Balance at December 31, 2022	\$ 275,115	\$ 2,917,000	\$ 1,457,000	\$ 4,649,115
Additions	45,120	4,682,000	3,816,000	8,543,120
Conversions	-	-	(1,229,482)	(1,229,482)
Change in fair value	(314,995)	(6,670,231)	(2,375,660)	(9,360,886)
Effect of exchange rate changes	6,068	26,231	56,142	88,441
Balance at December 31, 2023	<u>\$ 11,308</u>	<u>\$ 955,000</u>	<u>\$ 1,724,000</u>	<u>\$ 2,690,308</u>

Changes in the fair value of Company’s Level 1 and 3 financial instruments for the year ended December 31, 2022 were as follows:

	<u>Level 1</u>	<u>Level 3</u>	<u>Level 3</u>	
	<u>Equity Warrants</u>	<u>Debenture Warrants</u>	<u>Debenture Convertible Feature</u>	<u>Total</u>
Balance at December 31, 2021	\$ 1,418,964	\$ -	\$ -	\$ 1,418,964
Additions	-	4,080,958	3,336,535	7,417,493
Conversions	-	-	(63,723)	(63,723)
Change in fair value	(1,086,562)	(966,141)	(1,667,166)	(3,719,869)
Effect of exchange rate changes	(57,287)	(197,817)	(148,646)	(403,750)
Balance at December 31, 2022	<u>\$ 275,115</u>	<u>\$ 2,917,000</u>	<u>\$ 1,457,000</u>	<u>\$ 4,649,115</u>

Due to the expiry date of the warrants and conversion feature being subsequent to December 31, 2024, the liabilities have been classified as non-current.

#### 14. 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 \$30,243 (December 31, 2022 - \$29,533) (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 \$15,122 (CAD\$20,000) (December 31, 2022 - \$14,767). The expansion loan is subject to the original terms and conditions of the Program.

The loan is interest free for an initial term that ends on January 18, 2024. Repaying the loan balance on or before January 18, 2024 will result in loan forgiveness of up to a third of loan value (up to CAD \$20,000). 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 December 31, 2023 was \$45,365 (CAD \$60,000) (December 31, 2022 - \$44,300 (CAD \$60,000)).

## 15. SHARE CAPITAL

### a) *Authorized Share Capital*

The Company is authorized to issue unlimited preferred shares with no par value and unlimited common shares with no par value.

### b) *Issued Share Capital*

During the year ended December 31, 2023, the Company issued shares for cash under its at-the market agreement (the “ATM”). In total 124,652 shares were issued for \$1,092,915 less share issuance costs of \$153,220.

On June 20, 2023 the Company entered in to a private placement agreement issuing 20,000 units of one common share and one whole Private Placement Warrant at a strike price of \$25.00 with an expiry date of June 20, 2025 for total consideration of \$250,000. The fair value of the Private Placement Warrants at initial recognition was \$45,120.

On December 31, 2023, the Company owed \$97,094 worth of stock-based compensation to Company officers (“Shares issued for compensation”). The balance issuable was classified as an *Obligation to issue shares*.

The Company had the following common share transactions during the year ended December 31, 2023:

	<u># of shares</u>	<u>Amount</u>
Shares issued for cash, net of share issuance costs	124,652	\$ 939,695
Shares issued in private placement	20,000	204,880
Common shares issued for conversion of convertible debt	4,566,970	9,292,871
Shares issued on conversion of vested prefunded warrants	141,175	11,576,224
Shares issued for compensation	54,083	348,199
Common shares issued to consultants	580,900	324,311
Fractional shares issued due to roundup from reverse split	37,349	-
Total common shares issued	<u>5,525,129</u>	<u>\$ 22,686,180</u>

The Company had the following common share transactions during the year ended December 31, 2022:

	<u># of shares</u>	<u>Amount</u>
Common shares issued for bonuses and compensation	5,336	\$ 520,230
Common shares issued for conversion of convertible debt	1,351	131,532
Common shares issued to consultants	5,695	853,457
Total common shares issued	<u>12,382</u>	<u>\$ 1,505,219</u>

### c) *Stock Options*

The Company has adopted a stock option plan (the “Option Plan”) for its directors, officers, employees and consultants to acquire common shares of the Company. The terms and conditions of the stock options are determined by the Board of Directors.

For the year ended December 31, 2023, the Company recorded aggregate share-based compensation expense of \$317,933 (December 31, 2022 - \$420,715) for all stock options on a straight-line basis over the vesting period.

As of December 31, 2023, 76,114 (December 31, 2022 – 27,652) options were outstanding at a weighted average exercise price of \$41.75 (December 31, 2022 - \$165.09), of which 26,300 (December 31, 2022 – 8,277) were exercisable.

The amounts recognized as share-based payments and stock options are included in share-based compensation in the Statement of Loss and Comprehensive Loss.

As of December 31, 2023, there was \$116,646 (December 31, 2022 - \$538,358) of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted; that cost is expected to be recognized over a period of 1 year (December 31, 2022 – 2 years).

The following summarizes stock option activity during the years ended December 31, 2023 and 2022:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (years)</u>
<b>Balance at December 31, 2021</b>	14,338	\$ 281.57	4.48
Granted	14,942	\$ 57.00	4.88
Forfeited	(512)	\$ 350.00	-
Cancelled	(1,116)	\$ 213.56	-
<b>Balance at December 31, 2022</b>	27,652	\$ 165.09	4.24
Granted	57,364	\$ 4.50	4.70
Forfeited	(3,776)	\$ 133.66	-
Cancelled	(5,126)	\$ 224.24	-
<b>Balance at December 31, 2023</b>	76,114	\$ 41.75	4.37

The Company's outstanding and exercisable stock options at December 31, 2023 were:

<u>Expiry Date</u>	<u>Outstanding Options</u>			<u>Exercisable Options</u>	
	<u>Number</u>	<u>Weighted Average Remaining Life (years)</u>	<u>Weighted Average Exercise Price</u> \$	<u>Number</u>	<u>Weighted Average Exercise Price</u> \$
June 30, 2026	1,844	2.50	179.57	1,844	179.57
May 31, 2026	3,450	2.42	350.00	2,870	350.00
July 15, 2026	1,109	2.54	350.00	828	350.00
September 30, 2026	986	2.75	350.00	738	350.00
November 18, 2027	11,361	3.88	57.00	5,676	57.00
September 12, 2028	57,364	4.70	4.50	14,344	4.50
<b>Total Share Options</b>	76,114	4.37	41.75	26,300	86.38

The following table summarizes the Company's weighted average assumptions used in the valuation of options granted during the year ended December 31, 2023 and December 31, 2022:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected volatility	77.46%	78.05%
Expected term (in years)	2.82	3.07
Risk-free interest rate	3.97%	3.35%
Fair value of options	\$ 2.31	\$ 30.25

d) *Warrants*

The Company's outstanding warrants as of December 31, 2023 were:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>	<u>Expiry Date</u>
<b>Outstanding, December 31, 2021</b>	115,407	\$ 333.09	
Granted June 30, 2022	82,129	122.10 <sup>a</sup>	December 30, 2025
<b>Outstanding, December 31, 2022</b>	197,536	245.37	
Granted January 17, 2023	53,226	62.00 <sup>a</sup>	July 17, 2026
Granted June 20, 2023	20,000	25.00	June 20, 2025
Granted October 18, 2023	620,230	2.62 <sup>a</sup>	April 18, 2027
Granted November 30, 2023	1,986,112	0.90	May 30, 2027
<b>Outstanding, December 31, 2023</b>	2,877,104	14.39	

(a) The issuance of the Fourth Tranche Debenture on November 30, 2023 triggered the down round provision, adjusting the exercise prices of the Debenture Warrants to \$0.90 (Note 11). Subsequent to December 31, 2023, a Convertible Debt Investor purchased an additional tranche of \$1,100,000 in convertible debentures (the "Fifth tranche") and received 3,341,122 warrants (the "Fifth tranche of Debenture Warrants"). The convertible debt and 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.

e) *Loss per Common Share*

Diluted net loss attributable to common shareholders per share does not differ from basic net loss attributable to common shareholders per share for the years ended December 31, 2023 and 2022, since the effect of the Company's warrants, stock options and convertible debentures are anti-dilutive.

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):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Warrants	2,877,104	197,536
Options	76,114	27,652
Prefunded warrants	-	22,923
Convertible debentures	13,444,835	99,730
<b>Total anti-dilutive weighted average shares</b>	<u>16,398,053</u>	<u>347,841</u>

## 16. REVENUE

For the year ended December 31, 2023, the Company sold hydroxyl generating devices. The Company's revenue from the hydroxyl generating devices sales are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
HVAC devices	\$ 13,753	\$ -
Transport devices	2,528	-
	<u>\$ 16,281</u>	<u>\$ -</u>

## 17. INCOME TAXES

For the year ended December 31, 2023 and 2022, loss before income tax provision consisted of the following:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic operations – Canada	\$ (10,981,917)	\$ (11,753,662)
Foreign operations - United States	(751,293)	(1,119,440)
Total loss before taxes	<u>\$ (11,733,210)</u>	<u>\$ (12,873,102)</u>

Income tax expense (benefit) consists of the following for the years ended December 31, 2023 and 2022:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss before taxes	\$ (11,733,210)	\$ (12,873,102)
Statutory tax rate	27.00%	27.00%
Income taxes at the statutory rate	\$ (3,167,967)	\$ (3,475,738)
Change in fair value of derivative liabilities	(2,525,761)	(1,032,824)
Non-deductible accretion interest	1,665,506	747,719
Debt conversion and extinguishment losses	509,945	-
Stock-based compensation	314,023	484,035
Share issue costs	(167,075)	(108,685)
Foreign currency translation	(185,096)	298,876
Other	1,893	63,035
Total	<u>\$ (3,554,532)</u>	<u>\$ (3,023,582)</u>
Change in valuation allowance	<u>\$ 3,554,532</u>	<u>\$ 3,023,582</u>
Total income tax expense (benefit)	<u>\$ -</u>	<u>\$ -</u>

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2023 and 2022 at a rate of 27%.

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not that we will not realize those tax assets through future operations. Significant components of the Company's deferred taxes are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred tax assets:		
Unused net operating losses carry forward - Canada and United States	\$ 10,964,564	\$ 7,572,932
Share issue costs	285,654	130,732
Other	2,692	(5,286)
Total deferred tax assets	<u>11,252,910</u>	<u>7,698,378</u>
Valuation allowance	<u>(11,252,910)</u>	<u>(7,698,378)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has non-capital losses of \$37.4 million as of December 31, 2023 and \$25.8 million as of December 31, 2022, which can be used to offset future taxable income in Canada are due to expire in the following years:

2038	\$ 2,013,889
2039	4,562,121
2040	2,351,635
2041	6,394,857
2042	11,124,183
Thereafter	10,914,515
	<u>\$ 37,361,200</u>

For foreign operations in United States, aggregate net operating losses are \$3.0 million as of December 31, 2023 and \$2.2 million as of December 31, 2022 which can be carried forward indefinitely. Non-Capital Losses in Canada can be carried forward after change of ownership, if the particular business which gave rise to the loss is carried on by the company for profit or with a reasonable expectation of profit. Certain accumulated net operating losses in United States are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under Internal Revenue Code ("IRC") Section 382. These rules will limit the utilization of the losses.

The Company files income tax returns in Canada and the United States and is subject to examination in these jurisdictions for all years since the Company's inception in 2017. As at December 31, 2023, no tax authority audits are currently underway.

The Company currently has no uncertain tax position and is therefore not reflecting any adjustments.



## 18. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's officers and directors.

As of December 31, 2023, \$57,561 (December 31, 2022, \$32,500) in total was owing to officers and directors, or to companies owned by officers and directors, of the Company for services and expenses. These amounts owing have been included in accounts payable and accrued liabilities.

During the years ended December 31, 2023 and 2022, the Company incurred \$8,213 and \$79,457, respectively, to our U.S. general counsel firm, Enso Law against legal services, a corporation controlled by the Chairman of the Company.

There were no other payments to related parties for the years ended December 31, 2023 and 2022 other than expense reimbursements in the ordinary course of business.

## 19. RESEARCH AND DEVELOPMENT

During the year ended December 31, 2023, the Company spent \$6,589 in research and development costs in relation to UN(THINK)<sup>™</sup> food product development. For the year ended December 31, 2022, the Company spent \$615,693 in relation to the license agreement with Radical Clean Solutions Ltd ("Radical"), the testing, nutrient and micro analysis for UN(THINK)<sup>™</sup> food product development as well as costs of design and construction for the Coachella land and its future structure architecture. The following represents the breakdown of research and development activities:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
License agreement	\$ -	\$ 256,703
Product development	6,589	179,563
Design and construction	-	179,427
	<u>\$ 6,589</u>	<u>\$ 615,693</u>



## 20. LEASES

On November 1, 2023, the Company terminated its operating lease for office space. This resulted in a loss of \$30,322 which is included in other loss. On the same date, the Company entered into a new short-term lease and has elected not to apply the recognition requirements under ASC 842 "Leases". The Company has no finance leases.

The components of lease expenses were as follows:

	December 31, 2023	December 31, 2022
Operating lease cost	\$ 242,632	\$ 295,601
Short-term lease cost	47,385	23,361
Total lease expenses	<u>\$ 290,017</u>	<u>\$ 318,962</u>

## 21. COMMITMENTS AND CONTINGENCIES

### *Debenture principal repayments*

The following table summarizes the future principal payments related to our outstanding debt as of December 31, 2023:

2024	\$ 7,666,599
2025	3,143,538
2026	660,000
	<u>\$ 11,470,137</u>

### *Contingencies*

#### *Litigation*

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

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

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

On September 31, 2023, Stronghold filed a Complaint with the Superior Court of California for Breach of Contract; Breach of the Covenant of Good Faith and Fair Dealing; and Common Count: Goods and Services Rendered in relation to the purchase and sale agreement for the Coachella property (Note 4). 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 \$451,684.00 plus interest in damages based on invoices it provided. AgriFORCE will dispute, among other things, the amount and invoices, estimating approximately \$230,000 as Stronghold's true expenses that may be claimed. The Company filed their answer on February 26, 2024. The trial date has not been set for this case.

## 22. SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 1, 2024, the date on which these financial statements were available to be issued, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of December 31, 2023, and events which occurred subsequent to December 31, 2023 but were not recognized in the financial statements.

From January 1, 2024 through April 1, 2024, the Company issued 16,493,602 common shares upon conversion of convertible debt and conversion of convertible debt in lieu of repayment in cash (principal and interest of \$4,062,217).

From January 1, 2024 through April 1, 2024, the Company issued 112,645 common shares as part of compensation to Company officers.

From January 1, 2024 through April 1, 2024, the Company issued 126,646 common shares to consultants for services rendered.

On February 21, 2024, an Investor purchased an additional tranche of \$1,100,000. The convertible debt and 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 Debentures and the First, Second, Third and Fourth Tranche Warrants to \$0.214.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a—15(e) and 15d—15(e) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were effective.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

#### *Management’s Annual Report on Internal Control Over Financial Reporting*

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) of the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including the individuals serving as our principal executive officer and principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, our management concluded that, as of December 31, 2022, our internal control over financial reporting was effective based on those criteria.

#### **Attestation Report on Internal Control over Financial Reporting.**

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to the deferral allowed given we are neither an accelerated nor a large accelerated filer.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

None.

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference from our definitive proxy statement for our 2023 Annual Meeting of Stockholders (the “Proxy Statement”). The definitive Proxy Statement will be filed with the SEC within 120 days after the close of the fiscal year covered by this Annual Report on Form 10-K.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Served Since</u>
<b>David Welch</b>	42	Executive Chairman, Director, Compensation committee Chair, and M&A Committee Member	December 2017
<b>William J. Meekison</b>	58	Director, Audit Committee, Compensation Committee, and M&A Committee Chair	June 2019
<b>Richard Levychin</b>	64	Director, Audit Committee Chair, M&A Committee Member	July 2021
<b>Amy Griffith</b>	50	Director, Governance Committee Chair and Compensation Committee Member	July 2021
<b>Elaine Goldwater</b>	50	Director, Audit Committee Member and Governance Committee Member	October 2023
<b>Jolie Kahn</b>	59	Executive Consultant	February 2024
<b>Richard S. Wong</b>	58	Chief Financial Officer and Interim Chief Executive Officer	October 2018
<b>Mauro Pennella</b>	58	Chief Marketing Officer and President AgriFORCE™ Brands division.	July 2021
<b>Margaret Honey</b>	67	Former Director	October 2023
<b>Ingo W. Mueller*</b>	58	Former Chairman, Former Director, and Former Chief Executive Officer	December 2017
<b>Troy T. McClellan</b>	62	Former President, AgriFORCE™ Solutions	February 2018

Directors serve until the next annual meeting and until their successors are elected and qualified. Officers are appointed to serve for one year until the meeting of the Board of Directors following the annual meeting of shareholders and until their successors have been elected and qualified.

#### **David Welch, Chairman of the Board, Director, Compensation Committee Chair, M&A Committee member**

Mr. Welch is a founding partner at ENSO LAW, LLP, a Los Angeles based Intellectual Property and Regulatory law firm. He has a broad base of experience in representing US, Canadian and Mexican corporate clients in the areas of litigation, intellectual property and government regulatory advisement and defense. Mr. Welch has represented recognizable businesses in the agriculture and food services space in Federal Court, California state courts and before the USPTO and TTAB. Mr. Welch has also argued before the California Supreme Court and the US 9th Circuit Court of Appeals on constitutional issues related to preemption and the application of US law to various companies. Mr. Welch obtained his Juris Doctorate degree from Loyola Law School with an emphasis in international trade and has received various accolades for his work in intellectual property and regulatory law, including Top 40 under 40 by the Daily Journal; National Law Journal Intellectual Property Trail Blazer, and Super Lawyers from 2013 until 2023. In his business ventures, Mr. Welch is a registered aquaculturist and farmer focusing on sustainable and regenerative agricultural practices. He is suited to serve as a director due to his long-standing experience in international intellectual property, agriculture and business.

**William John Meekison, Director, Audit Committee, and M&A Committee Chair**

Mr. Meekison is a career Chief Financial Officer and former investment banker. He has spent the last fifteen years serving in a variety of executive management and CFO roles with both private and public companies, currently as the CFO of Exro Technologies Inc. (since October 2017), a technology company in the mobility sector. He is currently on the board of Telo Genomics Corp. (since July 2018) and Adven Inc. (since April 2021). Prior to his position at Exro Technologies Inc. and other CFO roles, Mr. Meekison spent fifteen years in corporate finance with a focus on raising equity capital for North American technology companies, including nine years at Haywood Securities Inc. Mr. Meekison received his Bachelor of Arts from the University of British Columbia and is a Chartered Professional Accountant, Professional Logistician and Certified Investment Manager. Mr. Meekison also holds the NACD.DC certification as a member of the National Association of Corporate Directors. He is suited to serve as a director due to his long time experience as a CFO.

**Richard Levychin, Director, Audit Committee Chair, M&A Committee Member**

Richard Levychin, CPA, CGMA, is a Partner in Galleros Robinson's Commercial Audit and Assurance practice where he focuses on both privately and publicly held companies. Prior to taking this position in October 2018, Richard was the managing partner of KBL, LLP, a PCAOB certified independent registered accounting firm, since 1994. Mr. Levychin has over 25 years of accounting, auditing, business advisory services and tax experience working with both privately owned and public entities in various industries including media, entertainment, real estate, manufacturing, not-for-profit, technology, retail, technology, and professional services. His experience also includes expertise with SEC filings, initial public offerings, and compliance with regulatory bodies. As a business adviser, he advises companies, helping them to identify and define their business and financial objectives, and then provides them with the on-going personal attention necessary to help them achieve their established goals. Mr. Levychin is well suited to serve on our Board due to his decades of experience as the managing partner of a PCAOB certified independent registered accounting firm, which included decades of expertise with SEC filings and initial public offerings.

**Amy Griffith, Director, Governance Committee Chair and Compensation Committee Member**

Ms. Griffith currently serves as Head, Government Relations & External Affairs for McCain Foods - North America. She is responsible for the North America ("NA") Public Affairs strategy and provides strategic leadership and direction on behalf of McCain with policymakers in the United States and Canada. She leads external communications and stakeholder management. Previously, she was the Group Director for the North America Operating unit of the Coca-Cola Company, in this capacity she oversaw public affairs, government relations, sustainability and communications in Canada and the Northeastern United States. Previously, she served as Wells Fargo's State & Local Government Relations Senior Vice President. She was recruited to Wells Fargo's Government Relations and Public Policy team in 2019. In this role, Griffith led Wells Fargo's legislative and political agenda in her region and managed relationships with state and local policymakers and community stakeholders. From 2008-2019, Ms. Griffith led government relations for sixteen states in the Eastern United States for TIAA for over a decade. Prior to that, she worked in the aerospace, high tech, education, private and public sectors, and has managed multiple high-profile political campaigns at the local, state and national level. Griffith is active in her community and has co-chaired The Baldwin School Golf Outing to raise funds for girls' athletics programs. She is a graduate of Gwynedd-Mercy College and holds a Bachelor of Arts in History. Ms. Griffith is well qualified to serve as a director due to her significant experience in government relations, policy and regulatory agencies as well as decades of experience working with companies in both the private and public sectors.

**Elaine Goldwater, Director, Audit Committee Member, and Governance Committee Member**

Elaine Goldwater is an executive in the Bio-Pharmaceutical Industry. She is the Senior Director of Marketing, Endocrinology at Recordati Rare Diseases. Prior to Recordati Rare Diseases she was at Merck. Elaine offers 20 plus years of experience creating and launching complex global marketing strategies in the competitive pharmaceutical industry, she offers a talent for guiding informed decision-making, leading strategic planning and strategic operations, and delivering double-digit growth and transform across high-value product portfolios. Her expertise includes deep knowledge of the product lifecycle from pre-clinical/early-stage development through launch, loss of exclusivity (LOE), line-extension, and late lifecycle products. In addition, Elaine's mastery of country and global operations is leveraged with a background in building market archetypes, shared best practices, and profitable strategy and execution models. She drives end to end commercial strategy creation and execution through a collaborative cross functional process that delivers above brand performance driving to growing net revenue and ensuring patient access.

**Jolie Kahn, Executive Consultant**

Jolie Kahn has an extensive background in corporate finance and corporate and securities law. She has been the proprietor of Jolie Kahn, Esq. since 2002. Ms. Kahn has also acted in various corporate finance roles, including extensive involvement of preparation of period filings and financial statements and playing an integral part in public company audits. She also works with companies and hedge funds in complex transactions involving the structuring and negotiation of multi-million-dollar debt and equity financings, mergers, and acquisitions. Ms. Kahn has practiced law in the areas of corporate finance, mergers & acquisitions, reverse mergers, and general corporate, banking, and real estate matters. She represents both public and private companies, hedge funds, and other institutional investors in their role as investors in public companies. Ms. Kahn holds a BA from Cornell University and a J.D. magna cum laude from the Benjamin N. Cardozo School of Law.

**Richard Wong, Chief Financial Officer**

Mr. Wong, who works full time for the Company, has over 25 years of experience in both start-up and public companies in the consumer goods, agricultural goods, manufacturing, and forest industries. Prior to joining the Company in 2018, he was a partner in First Choice Capital Advisors from 2008-2016 and a partner in Lighthouse Advisors Ltd. from 2016-2018. Mr. Wong has also served as the CFO of Emerald Harvest Co., Dan-D Foods, Ltd., and was the Director of Finance and CFO of SUGOI Performance Apparel and had served positions at Canfor, Canadian Pacific & other Fortune 1000 companies. Mr. Wong is a Chartered Professional Accountant, and a member since 1999. Mr. Wong has a Diploma in Technology and Financial Management from the British Columbia Institute of Technology.

### **Mauro Pennella, Chief Marketing Officer and President, AgriFORCE™ Brands**

Mr. Pennella, who works full time for the Company, is a consumer products veteran with more than 30 years of experience in the consumer-packaged goods industry. From May 2018 until January 2021, he was Chief Growth & Sustainability Officer at McCain Foods, a Canadian multinational frozen food company. In that role, he was responsible for global marketing, sales, research and development (R&D) and sustainability. From October 2014 to April 2018, Mr. Pennella served as the President, International of Combe Incorporated, a personal care products company where he oversaw the international division, R&D and the internal advertising agency. He was also a member of the Executive Committee at Combe Incorporated, where he was responsible for the P&L - overseeing eight subsidiaries with more than 100 employees around the world. Prior to that, Mr. Pennella led the Retail and International businesses at Conagra's Lamb Weston division and developed his career at Diageo and Procter & Gamble. Mr. Pennella received a Master of Business from Audencia, a premier European business school, as well as an M.A.B.A. in Marketing and Finance from The Ohio State University Fisher College of Business.

### **Ingo Wilhelm Mueller – Former Chairman, Former Director and Former Chief Executive Officer**

Mr. Mueller has been involved in the finance and advisory business for the past 25 years having been involved in the financing of companies and projects. Mr. Mueller is the founder and was the CEO of the Company since inception and has been responsible for the development of the Company's intellectual property, business model and financing. On July 18, 2023, the Company announced a restructuring of management. Ingo Mueller departed from his position as CEO and Chair of the Board.

### **Troy McClellan, Former President AgriFORCE™ Solutions**

Mr. McClellan, who worked full time for the Company, had focused on innovative design and construction technologies throughout his career. Mr. McClellan is a registered professional architect and received his Master's Degree in Architecture from Montana State University.

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.

### **Corporate Governance**

The business and affairs of our Company are managed under the direction of the Board of Directors.

#### ***Director Independence***

We use the definition of "independence" of The NASDAQ Stock Market to make this determination. We are not yet listed on NASDAQ, and although we use its definition of "independence," its rules are inapplicable to us until such time as we become listed on NASDAQ. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of our Company or any other individual having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three years was, an employee of our Company;
- the director or a family member of the director accepted any compensation from our Company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- a family member of the director is, or at any time during the past three years was, an executive officer of our Company;
- the director or a family member of the director is a partner in, controlling shareholder of, or an executive officer of an entity to which our Company made, or from which our Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or \$200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of our Company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of our Company's outside auditor, or at any time during the past three years was a partner or employee of our Company's outside auditor, and who worked on our Company's audit.

Under the following three NASDAQ director independence rules a director is not considered independent: (a) NASDAQ Rule 5605(a)(2)(A), a director is not considered to be independent if he or she also is an executive officer or employee of the corporation, (b) NASDAQ Rule 5605(a)(2)(B), a director is not consider independent if he or she accepted any compensation from our Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, and (c) NASDAQ Rule 5605(a)(2)(D), a director is not considered to be independent if he or she is a partner in, or a controlling shareholder or an executive officer of, any organization to which our Company made, or from which our Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000. Under such definitions, we have four independent directors.

#### **Family Relationships**

There are no family relationships among any of the directors and executive officers.

#### **Board Committees**

Our Board has established the following three standing committees: audit committee; compensation committee; and nominating and governance committee, or nominating committee. Our board of directors has adopted written charters for each of these committees. Copies of the charters will be available on our website. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

##### *Audit Committee*

Our Audit Committee is comprised of at least three individuals, each of whom are independent director and at least one of whom will be an "audit committee financial expert," as defined in Item 407(d)(5)(ii) of Regulation S-K. Our audit committee is currently comprised of Richard Levychin (Chair), John Meekison and Elaine Goldwater, who are independent, and Mr. Levychin is our financial expert.

Our Audit Committee will oversee our corporate accounting, financial reporting practices and the audits of financial statements. For this purpose, the Audit Committee will have a charter (which will be reviewed annually) and perform several functions. The Audit Committee will:

- evaluate the independence and performance of, and assess the qualifications of, our independent auditor and engage such independent auditor;
- approve the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services and approve in advance any non-audit service to be provided by our independent auditor;
- monitor the independence of our independent auditor and the rotation of partners of the independent auditor on our engagement team as required by law;
- review the financial statements to be included in our future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and review with management and our independent auditor the results of the annual audit and reviews of our quarterly financial statements; and
- oversee all aspects our systems of internal accounting control and corporate governance functions on behalf of the Board of Directors.

## Compensation Committee

Our Compensation Committee comprises of at least three individuals, each of whom will be an independent director, Our Compensation committee is currently comprised of David Welch (Chair), Amy Griffith, and John Meekison, who are independent.

The Compensation Committee will review or recommend the compensation arrangements for our management and employees and also assist our Board of Directors in reviewing and approving matters such as company benefit and insurance plans, including monitoring the performance thereof. The Compensation Committee will have a charter (which will be reviewed annually) and perform several functions.

The Compensation Committee will have the authority to directly engage, at our expense, any compensation consultants or other advisers as it deems necessary to carry out its responsibilities in determining the amount and form of employee, executive and director compensation.

### Nominating and Corporate Governance Committee (the "N&CG Committee")

Our N&CG Committee is comprised of at least three individuals, each of whom will be an independent director. Currently Amy Griffith (Chair) and Elaine Goldwater are members of the committee. The committee has one vacancy.

The NC&G Committee is charged with the responsibility of reviewing our corporate governance policies and with proposing potential director nominees to the Board of Directors for consideration. This committee also has the authority to oversee the hiring of potential executive positions in our Company. The NC&G Committee also has a charter, which is to be reviewed annually.

## Item 11. Executive Compensation

Name & Principal Position	Year	Salary	Bonus	Share-Based Awards <sup>c</sup>	Option-Based Awards	All Other Compensation	Total Compensation
Richard S. Wong, Chief Financial Officer	2023	264,041	-	179,004	42,148	1,793	486,986
	2022	295,216	134,696 <sup>a</sup>	86,456	28,831	1,741	546,940
Mauro Pennella Chief Marketing Officer, President AgriFORCE™ Brands	2023	259,317	-	158,105	25,544	1,793	444,759
	2022	268,962	-	115,269	45,593	1,741	431,565
Troy T. McClellan, Former President Design & Construction	2023	231,755	-	74,091	-	1,656	307,502
	2022	246,732	69,162 <sup>b</sup>	76,846	30,132	1,741	424,613
Ingo W. Mueller, Former Chief Executive Officer	2023	289,025	-	86,744	-	-	375,769
	2022	392,464	375,718	359,881	6,866	1,741	1,136,670

(a) Bonus was paid out \$101,022 in shares and \$33,674 in cash.

(b) Bonus was paid out \$69,162 in shares

(c) Some share-based awards were issued net of income taxes. The Company repurchased shares on the issuance date to remit as income taxes to the appropriate government revenue service agencies.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information known to us regarding the beneficial ownership of our common stock as of April 1, 2024 by:

- each person known to us to be the beneficial owner of more than 5% of our outstanding common stock;
- each of our executive officers and directors; and
- all of our executive officers and directors as a group.

	<u>Common shares</u>	<u>Options Granted vested within 60 days of April 1, 2024</u>	<u>Warrants</u>	<u>Total</u>	<u>Percentage beneficially owned</u>
<b>Directors and Officers:</b>					
Richard Wong	37,602	11,584	-	49,186	0.3%
Mauro Pennella	61,055	7,396	-	68,451	0.4%
John Meekison	865	2,541	-	3,406	0.0%
David Welch	1,049	2,507	-	3,556	0.0%
Amy Griffith	-	2,150	-	2,150	0.0%
Richard Levychin	-	2,150	-	2,150	0.0%
Elaine Goldwater	-	-	-	-	-%
Ingo Mueller (Former CEO and Chairman)	3,954	-	-	3,954	0.0%
Troy McClellan (Former President Design & Construction)	28,159	-	-	28,159	0.1%
Margaret Honey (Former Director)	-	-	-	-	-%
Total all officers and directors (10 persons)*	128,730	28,328	-	157,058	0.8%
<b>5% or Greater Beneficial Owners</b>					
-	-	-	-	-	-

## Item 13. Certain Relationships and Related Transactions, and Director Independence

We have adopted a written related-person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration and oversight of “related-party transactions.” For purposes of our policy only, and not for purposes of required disclosure, which will be all related party transactions, even if less than \$120,000, a “related-party transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related party” are participants involving an amount that exceeds \$120,000.

Transactions involving compensation for services provided to us as an employee, consultant or director are not considered related-person transactions under this policy. A related party is any executive officer, director or a holder of more than five percent of our common shares, including any of their immediate family members and any entity owned or controlled by such persons.



At present, we have appointed two independent directors to the N&CG Committee. As a result, our Chief Financial Officer, Richard Wong, must present information regarding a proposed related-party transaction to the Nominating and Corporate Governance Committee. Under the policy, where a transaction has been identified as a related-party transaction, Mr. Wong must present information regarding the proposed related-party transaction to our Nominating and Corporate Governance Committee, once the same is established, for review. The presentation must include a description of, among other things, the material facts, the direct and indirect interests of the related parties, the benefits of the transaction to us and whether any alternative transactions are available. To identify related-party transactions in advance, we rely on information supplied by our executive officers, directors and certain significant shareholders. In considering related-party transactions, our Nominating and Corporate Governance Committee takes into account the relevant available facts and circumstances including, but not limited to:

- whether the transaction was undertaken in the ordinary course of our business;
- whether the related party transaction was initiated by us or the related party;
- whether the transaction with the related party is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us from the related party transaction;
- the approximate dollar value of the amount involved in the related party transaction, particularly as it relates to the related party;
- the related party's interest in the related party transaction, and
- any other information regarding the related party transaction or the related party that would be material to investors in light of the circumstances of the particular transaction.

The Nominating and Corporate Governance Committee shall then make a recommendation to the Board, which will determine whether or not to approve of the related party transaction, and if so, upon what terms and conditions. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval.

Except as set forth below, we have not had any related party transactions, regardless of dollar amount:

As of December 31, 2023, \$57,561 (December 31, 2022, \$32,500) in total was owing to officers and directors or to companies owned by officers and directors of the Company for services and expenses. These amounts owing have been included in accounts payable and accrued liabilities.

During the year ended December 31, 2023 and 2022, the Company incurred \$11,984 and \$79,457, respectively, to our U.S. general counsel firm, Enso Law against legal services, a corporation controlled by a director of the Company.

#### Item 14. Principal Accounting Fees and Services

Aggregate fees billed to us by Marcum LLP, the Company's principal independent accountants, during the last two fiscal years were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Audit Fees <sup>a</sup>	\$ 155,000	\$ 170,000
Audit – Related Fees	41,200	197,649
	<b>\$ 196,200</b>	<b>\$ 367,649</b>

(a) Amounts represent the contractual fees related to the fiscal year, not the accrued fees incurred during the year.

Audit Fees consist of fees billed for professional services rendered for the audit of our consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our auditors in connection with statutory and regulatory filings or engagements.

Audit-Related Fees consist of services by our independent auditors that, including accounting consultations on transaction related matters including work related to our S-1 filings, are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees.

During the years ended December 31, 2023 and 2022, Marcum LLP did not incur fees for any other professional services.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules

#### Financial Statements

The following Consolidated Financial Statements of the Company and the Report of Independent Registered Public Accounting Firm (PCAOB ID: 688) included in Part II, Item 8:

Consolidated Balance Sheets as of December 31, 2023 and 2022

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2023 and 2022

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2023 and 2022

Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022

#### Financial Statement Schedules

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto set forth under Item 8.

#### Exhibits

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

<u>Exhibit No.</u>	<u>Description</u>
3.1	<a href="#">Articles of Incorporation and Bylaws of Issuer*</a>
4.1	<a href="#">Form of Series A Warrant and Representatives Warrant****</a>
4.2	<a href="#">Amended and Restated Stock Option Plan – Form of Stock Option Certificate attached as Schedule A*</a>
4.3	<a href="#">Form of Broker Compensation Warrant Certificate for \$1.00 warrants issued to brokers in connection in May 2019 in connection with \$1.00 preferred unit financing*</a>
10.1	<a href="#">Vacant Land Purchase Agreement, dated July 13, 2020, between Company and Coachella Properties, Inc. *</a>
10.2	<a href="#">Capital Funding Group-Commercial Loan Terms Sheet - Re Coachella_3837v2*</a>
10.3	<a href="#">Commercial Loan Agreement with Alterna Bank-2020-04-30*</a>
10.4	<a href="#">Vacant Land Offer Extension of Time Addendum Coachella-IM Signed*</a>
10.5	<a href="#">Employment Agreement - Ingo Mueller*****</a>
10.6	<a href="#">Employment Agreement - Richard Wong*****</a>
10.7	<a href="#">Employment Agreement - Troy McClellan*****</a>
10.8	<a href="#">Employment Agreement - Mauro Pennella*****</a>
10.9	<a href="#">Second Vacant Land Offer Extension of Time Addendum Coachella-IM Signed***</a>
10.10	<a href="#">Warrant Agent Agreement**</a>
10.11	<a href="#">Capital Funding Term Sheet dated February 5, 2021 ****</a>
10.12	<a href="#">Extension of Land Purchase Agreement ****</a>
10.13	<a href="#">Pharmhaus Termination Agreements *****</a>
10.14	<a href="#">Bridge Loan Agreement dated March 24, 2021*****</a>
10.15	<a href="#">Bridge Note, dated March 24, 2021*****</a>
10.16	<a href="#">Bridge Warrant, dated March 24, 2021*****</a>
10.17	<a href="#">Asset Purchase Agreement - Manna Nutritional Group*****</a>
10.18	<a href="#">Definitive Agreement with Humboldt Bliss, Ltd*****</a>
10.19	<a href="#">Share Purchase Agreement with Delphy Groep B.V*****</a>
10.20	<a href="#">Binding LOI to Acquire Deroose Plants NV*****</a>
10.21	<a href="#">License Agreement with Radical Clean Solutions Ltd.*****</a>
14.1	<a href="#">Code of Ethics**</a>
21.1	<a href="#">List of Subsidiaries**</a>
23.1	<a href="#">Consent of Marcum, LLP**</a>
31.1	<a href="#">Certification of Chief Executive Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**</a>
31.2	<a href="#">Certification of Chief Financial Officer filed pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**</a>
32.1	<a href="#">Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</a>
32.2	<a href="#">Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</a>
97	<a href="#">Policy for the Recovery of Erroneously Awarded Compensation</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed with our Registration Statement on Form S-1 filed with the Commission on December 16, 2020.

\*\* Filed herewith

\*\*\* Filed with Amendment No. 1 to our Registration Statement on Form S-1 filed with the Commission on January 20, 2021.

\*\*\*\* Filed with Amendment No. 2 to our Registration Statement on Form S-1 filed with the Commission on March 3, 2021.

\*\*\*\*\* Filed with Amendment No. 3 to our Registration Statement on Form S-1 filed with the Commission on March 22, 2021.

\*\*\*\*\* Filed with Amendment No. 4 to our Registration Statement on Form S-1 filed with the Commission on June 3, 2021.

\*\*\*\*\* Filed with Amendment No. 5 to our Registration Statement on Form S-1 filed with the Commission on June 14, 2021.

\*\*\*\*\* Filed with Form 10-K filed with the Commission on March 30, 2022.

**Item 16. Form 10-K Summary.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: April 1, 2024

By: /s/ Jolie Kahn  
Name: Jolie Kahn  
Title: Executive Consultant (Principal Executive Officer)

Date: April 1, 2024

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jolie Kahn</u> Jolie Kahn	Executive Consultant	April 1, 2024
<u>/s/ Richard Wong</u> Richard Wong	Chief Financial Officer	April 1, 2024
<u>/s/ David Welch</u> David Welch	Chairman of the Board of Directors	April 1, 2024
<u>/s/ John Meekison</u> John Meekison	Director	April 1, 2024
<u>/s/ Richard Levychin</u> Richard Levychin	Director	April 1, 2024
<u>/s/ Amy Griffith</u> Amy Griffith	Director	April 1, 2024
<u>/s/ Elaine Goldwater</u> Elaine Goldwater	Director	April 1, 2024



## 2.0 BUSINESS ETHICS

### 2.1 Company Ethics & Conduct

The successful business operation and reputation of AgriFORCE™ is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as the highest regard for standards of conduct and personal integrity.

The continued success of AgriFORCE™ is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to AgriFORCE™ and its customers to act in a way that will merit the continued trust and confidence of our customers and the public in general.

AgriFORCE™ will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of common sense and good judgment, together with our core values, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with your immediate supervisor, a member of senior management, or Human Resources for advice and consultation, if necessary.

Compliance with this policy of business ethics and conduct is the responsibility of every AgriFORCE™ employee. Disregarding or failing to comply with this standard of business ethics and conduct may lead to disciplinary action, up to and including termination of employment.

Employees must report violations of this policy, or any of the policies in the Business Ethics section, to their immediate supervisor, a member of senior management, or Human Resources.

### 2.2 Employment Equity

AgriFORCE™ is committed to providing equal employment opportunity for all employees and applicants for employment. The company does not discriminate in employment opportunities or practices on the basis of race, colour, religion, sex, marital status, family status, age, place of origin, ancestry, physical disability, mental disability, political belief, sexual orientation, or any other grounds protected by the laws or regulations of any jurisdiction in which we operate. We base all employment decisions – including recruitment, selection, training, compensation, benefits, discipline, promotions, transfers, terminations, and social/recreational programs – on merit and the principles of equal employment opportunity.

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Our employees have diverse backgrounds, skills and ideas that collectively contribute to greater opportunities for innovation. Our recruitment strategy is designed to attract a diverse pool of talent so that we may select the best candidates and open doors at all levels of this organization.

### **2.3 Conflict of Interest**

Everyone working at AgriFORCE™ has an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes the framework within which AgriFORCE™ wishes the company to operate. The purpose of these guidelines is to provide general direction so that team members can seek further clarification on issues regarding conflict of interest.

An actual or potential conflict of interest occurs when someone on the team is able to influence a decision that may result in a personal gain for that individual or for a relative because of AgriFORCE™'s business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage or whose relationship with anyone working in the company is like that of persons who are related by blood or marriage.

If an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to their supervisor, as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership or other interests in a business with which AgriFORCE™ does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving AgriFORCE™.

### **2.4 Gifts**

AgriFORCE™ employees (or immediate family members) are not permitted to give or accept gifts, services, discounts, favours, loans personal discounts and similar gratuities offered to you because of your position at AgriFORCE™. This applies to or from individuals or companies who are doing business or would like to do business with AgriFORCE™. Items of modest value may be permitted if they are not given or received on a regular or frequent basis, provided that the gift is reported to the CEO or the Chair of the Audit Committee and they do not advise that retaining the gift would be inappropriate. This does not apply to officially approved corporate rebates.

### **2.5 Entertainment**

You must not encourage or solicit entertainment from any individual or company with whom AgriFORCE™ does business. Entertainment includes, but is not limited to, activities such as dining, attending sporting or other special events, and travel. From time-to-time employees may accept unsolicited entertainment, but only under the following conditions:

1. the entertainment occurs infrequently,
  2. it arises out of the ordinary course of business,
  3. it involves reasonable expenditures (the amounts involved should be such as employees, officers and Directors are accustomed to normally spending for their own business or personal entertainment) and
  4. the entertainment takes place in settings that also are reasonable, appropriate, and fitting to employees, officers and Directors, their hosts, and their business at hand.
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## **2.6 Anti-Bribery and Anti-Corruption**

Part of behaving ethically means that you should never participate in any corrupt activities and that you comply with all applicable Anti-Bribery and Anti-Corruption laws and regulations of each jurisdiction in which AgriFORCE™ conducts business. AgriFORCE™ does not permit providing payments, kickbacks, gifts, or anything else of significant value for the purpose of improperly influencing third parties. Even if the intent is not to influence, you should not provide a payment or benefit to any third party if it could appear to be improper.

AgriFORCE™ can be held responsible for improper payments and benefits provided by agents, contractors, suppliers and other third parties acting on its behalf. You must ensure that you only deal with legitimate, reputable parties, and that they understand their obligation not to provide such improper payments or benefits in connection with the business they conduct for AgriFORCE™.

## **2.7 Confidentiality**

All employees are required to keep all AgriFORCE™'s financial, operational and business information acquired while working at AgriFORCE™; secure and confidential. Business strategies and plans, including technologies and products used, are AgriFORCE™ intellectual property. Employees must not discuss details of AgriFORCE™'s financial, business operations, plans or strategies with any third party including the media, family or friends, or at social or public functions, and should direct all inquiries to the CFO. Any employee who divulges confidential information may be subject to disciplinary action, up to and including termination.

## **2.8 Disclosure, Confidentiality, and Insider Trading**

At times you may find that you are in possession of material non-public information regarding AgriFORCE™ and/or a competitor or supplier. Material non-public information is any information that could reasonably be expected to alter the value of a company's security (ies) if it were made public. Securities laws in both Canada and the United States provide that it is illegal to trade on such information or disclose it to others. These laws are extensive and complex, and violation of these laws may lead to civil and criminal actions against you.

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If you find yourself in possession of such information, you and your immediate family members are prohibited from trading in those securities until such time as the information becomes public or you are notified by your manager that restrictions are no longer in place.

The purchase and sale of AgriFORCE™ securities may only be done in accordance with the AgriFORCE™ Insider Trading Policy. The Policy also addresses legal prohibitions against trading with knowledge of undisclosed material information, tipping, market manipulation or fraud and insider trade reporting requirements. Violations of such requirements may also have severe consequences, including fines, imprisonment and civil liability and may subject the individual to disciplinary action by the Corporation, up to and including termination. Employees, Officers, and Directors who engage in insider trading may also be accountable to AgriFORCE™ for any benefit or advantage received as a result.

Please refer to the AgriFORCE™ Insider Trading Policy provided as an Appendix to this Handbook for more detailed information on this subject. The AgriFORCE™ Insider Trading Policy requires your signature separate from the Handbook Acknowledgement.

## **2.9 Whistleblower Policy**

Employees are often the first to have concerns that there may be something wrong or unethical occurring within the organisation in which they work. However, they may feel that their concerns cannot be openly expressed, because it may be disloyal to colleagues; their concerns may not be taken seriously; or it may be easier to ignore their concern.

As a means of reinforcing AgriFORCE™'s commitment to the highest standards, this 'Whistle-blowing Procedure' serves to help build the commitment of all employees, by providing a means of identifying and eliminating unethical practices within the workplace. The 'Whistle-blowing Procedure' provides an effective mechanism for employees to report potential concerns (confidentially and anonymously, if required), in the knowledge that genuine concerns will be appropriately investigated and resolved, without fear of discrimination or victimisation.

Please refer to the separate Whistleblower Policy document for more detail.

## **2.10 Anti-Retaliation Provisions**

Retaliation against any employee, who in good faith seeks advice, raises a concern, reports misconduct, or provides information in an investigation will not be tolerated and will itself be considered a violation of AgriFORCE™ Business Ethics. Some examples of retaliation include denial of benefits, termination, demotion, suspension, threats, harassment, or discrimination. If any individual retaliates against an employee who has truthfully and in good faith reported a potential violation, AgriFORCE™ will take appropriate action. However, if an individual has intentionally made a false report, the Company will respond accordingly. For more details, please refer to the AgriFORCE™ Whistleblower Policy.

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If you believe that you or another employee has been retaliated against for (in good faith) seeking advice, raising a concern, reporting misconduct, or providing information in an investigation, please advise your immediate manager, Human Resources, the AgriFORCE™ CEO or the Chairman of the Audit Committee of the AgriFORCE™ Board. All reports will be handled promptly and confidentially.

## **2.11 Outside Employment**

While not encouraged, should employees wish to engage in outside employment, in addition to their full-time position at AgriFORCE™, we request that:

- such outside employment does not interfere in any way with the employee's work performance or hours of employment with the Company;
- such employment is non-competitive with the business activities of the Company; and
- such employment has no possible conflict of interest with the employee's position at the Company.

All employees are reminded that they have signed an agreement which legally prohibits them from passing on the Company's ideas and work methods to other organizations. Employees may not use Company property, equipment, facilities, or time in connection with outside employment.

If it is deemed that, because of outside employment, an employee is repeatedly late, unable to work overtime, or unable to successfully fulfill the obligations of their position at AgriFORCE™, it may result in disciplinary action, up to and including termination.

## **2.12 Off Duty Conduct Policy**

In general, how employees decide to lead their lives when they are off duty is a private matter. However, the way in which employees conduct and present themselves off-duty can also have a significant impact on AgriFORCE™ its business, reputation, products, customer relations and workplace environment. Accordingly, while the Company respects your personal freedoms, it also has a legitimate interest in establishing standards of off duty conduct and holding workers accountable for following those standards, including using discipline where necessary.

Off-duty conduct will be considered a work-related matter subject to discipline if it:

- harms the Company's reputation or products;
  - has consequences that render you unable to perform your job or any part of your job effectively;
  - leads other workers to refuse, be reluctant to or unable to work with you;
  - makes you guilty of a serious breach of the Criminal Code of Canada/Title 18 of the United States Code or;
  - makes it difficult for the Company to manage its operations and/or direct its workforce efficiently.
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Violations of the Company's off-duty standards of conduct that meet the above criteria will be treated like a disciplinary infraction committed on-duty and subject to discipline up to and including termination.

You must report to your supervisor as soon as possible if you are arrested, detained, or charged with a violation under the Criminal Code of Canada/Title 18 of the United States Code or other Canadian/US laws related to your official duties.

### **2.13 Board Participation and Involvement with Other Companies**

For any employee who wishes to participate on a for-profit, or not-for-profit board, these involvements must be approved by the CEO. All Directors should notify the Chair of the Audit Committee of all other board engagements and seek approval before assuming additional Board roles. You may not be a Director, officer, partner or consultant of an organization (other than an organization in which AgriFORCE™ holds an interest or in which AgriFORCE™ has the right to nominate a Director, officer, partner or consultant) doing or seeking to do business with AgriFORCE™, nor may you permit your name to be used in any way indicating a business connection with such an organization, without appropriate prior written approval of the AgriFORCE™ CEO, in the case of an employee, and of the Chair of the Governance and Nominating Committee in the case of an officer or Director of AgriFORCE™.

### **2.14 AgriFORCE™ Property**

Employees are responsible for and are expected to take proper care of all AgriFORCE™ property, materials, or written information issued to them or in their possession or control.

Upon request of the Company or upon termination or expiration of employment, the employee will turn over to the Company all property belonging to the Company including all confidential information belonging to the Company, including but not limited to, all documents, plans, specifications, disks, or other computer media, as well as any duplicates or backups made of that Confidential Information in whatever form or media, in the possession or control of the employee that:

- may contain or be derived from ideas, concepts, creations, or trade secrets and other proprietary and confidential information; or
  - is connected with or derived from the employee's employment with AgriFORCE Growing Systems Ltd.
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## **2.15 Copyright and Protection of Intellectual Property**

Employees are not entitled to any copyright or moral right in or arising from any work they produce in the course of their employment with AgriFORCE™. This includes any program, strategy, design, or system they develop during their employment with the Company. Any copyright or merchandising rights in such work shall be the sole and exclusive property of AgriFORCE™ in accordance with the Canadian and International Copyright Acts.

## **2.16 Public Reporting and Retention of Records**

Depending on your position with AgriFORCE™, you may be called upon to provide necessary information to ensure that the Company's public reports are complete, fair and understandable. AgriFORCE™ expects you to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to AgriFORCE™ public disclosure requirements.

Employees are required to ensure that all records are kept confidential and meet regulatory and legal requirements in the jurisdiction in which they are created and/or maintained. Destruction of records can only take place if they are not required for any pending legal matters. If you are unclear on what documents may be discarded, contact company legal counsel, or speak to your manager.

## **2.17 Non-Solicitation**

During the employee's term of employment with AgriFORCE™ and for a period of twelve (12) months after the end of that term, the employee will not in any way, directly or indirectly:

- induce or attempt to induce any employee or contractor of the Employer to quit employment or retainer with AgriFORCE™;
- otherwise interfere with or disrupt AgriFORCE™'s relationship with its employees and contractors;
- discuss employment opportunities or provide information about competitive employment to any of AgriFORCE™'s employees or contractors; or
- solicit, entice, or hire away any employee or contractor of AgriFORCE™ for the purpose of an employment opportunity that is in competition with AgriFORCE™.

This non-solicitation obligation as described above will be limited to employees or contractors who were employees or contractors of AgriFORCE™ during the period that the employee was employed by AgriFORCE™.

During the term of the employee's active employment with AgriFORCE™, and for one (1) year thereafter, the employee will not divert or attempt to divert from AgriFORCE™ any business AgriFORCE™ had enjoyed, solicited, or attempted to solicit, from its customers, prior to termination or expiration, as the case may be, of the employee's employment with AgriFORCE™.

## **2.18 Contract Binding Authority**

Unless authorized in writing by AgriFORCE™, employees do not have the authority to enter any contracts or commitments for or on the behalf of the Company. AgriFORCE™ will maintain a list of delegated authorities in this regard.

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AgriFORCE Growing Systems Ltd. LIST OF SUBSIDIARIES :

un(Think) Food Company Canada Ltd.

AgriFORCE Investments Inc.

West Pender Holdings, Inc.

AGI IP Co.

West Pender Consulting Company

un(Think) Food Company

AgriFORCE Europe BV

AgriFORCE Belgium BV

GrowForce BV

AgriFORCE (Barbados) Ltd.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of AgriFORCE Growing Systems Ltd. on Form S-3, (File No. 333-266722) and Form S-8 (File No. 333-259052) of our report dated April 1, 2024, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, with respect to our audits of the consolidated financial statements of AgriFORCE Growing Systems Ltd. as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022, which report is included in this Annual Report on Form 10-K of AgriFORCE Growing Systems Ltd. for the year ended December 31, 2023.

/s/ Marcum LLP

Marcum LLP  
Costa Mesa, CA  
April 1, 2024

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**CERTIFICATION PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jolie Kahn, Executive Consultant, certify that:

1. I have reviewed this Annual Report on Form 10-K of AgriFORCE Growing Systems Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 control 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 during the period in which this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

*/s/ Jolie Kahn*

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Jolie Kahn  
Executive Consultant  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
SECURITIES EXCHANGE ACT RULES 13a-14 and 15d-14  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Wong, Chief Financial Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K of AgriFORCE Growing Systems Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 control 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 during the period in which this 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ Richard Wong  
Richard Wong  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Annual Report on Form 10-K of AgriFORCE Growing Systems Ltd. (the “Company”) for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, the undersigned, Jolie Kahn, as the Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: April 1, 2024

*/s/ Jolie Kahn*

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Jolie Kahn  
Executive Consultant  
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

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

In connection with the Annual Report on Form 10-K of AgriFORCE Growing Systems Ltd. (the "Company") for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, Richard Wong, as the Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: April 1, 2024

*/s/ Richard Wong*

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Richard Wong  
Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

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## AGRIFORCE GROWING SYSTEMS, LTD.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

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## 1. OVERVIEW

1.1. In accordance with Nasdaq Rule 5608, Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) (“*Rule 10D-1*”), the Board of Directors (the “*Board*”) of AgriForce Growing Systems, Ltd. (the “*Company*”) has adopted this Policy (the “*Policy*”) to provide for the recovery of erroneously awarded Incentive-based Compensation from Executive Officers. All capitalized terms used and not otherwise defined herein shall have the meanings set forth below.

## 2. RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

2.1. In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation Received in accordance with Rule 5608 and Rule 10D-1 as follows:

2.1.1. After an Accounting Restatement, the Compensation Committee (the “*Committee*”) shall determine the amount of any Erroneously Awarded Compensation Received by each Executive Officer and shall promptly notify each Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable.

2.1.1.1. For Incentive-based Compensation based on (or derived from) the Company’s stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement:

2.1.1.2. The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company’s stock price or total shareholder return upon which the Incentive-based Compensation was Received. The Company shall maintain documentation of the determination of such reasonable estimate and provide the relevant documentation as required to Nasdaq.

2.1.1.3. The Committee shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. Notwithstanding the foregoing, except as set forth in Section B(2) below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer’s obligations hereunder.

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2.1.1.4. To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

2.1.1.5. To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

2.2. Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated above if the Committee determines that recovery would be impracticable *and* the following conditions are met:

2.3. The Committee has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before making this determination, the Company must make a reasonable attempt to recover the Erroneously Awarded Compensation, document such attempt(s) and provide such documentation to Nasdaq; and

2.4. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

### 3. DISCLOSURE REQUIREMENTS

3.1. The Company shall file all disclosures with respect to this Policy required by applicable SEC rules.

### 4. PROHIBITION OF INDEMNIFICATION

4.1. The Company shall not be permitted to insure or indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

### 5. ADMINISTRATION AND INTERPRETATION

5.1. This Policy shall be administered by the Committee, and any determinations made by the Committee shall be final and binding on all affected individuals. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy and for the Company's compliance with Nasdaq Rules, Section 10D, Rule 10D-1 and any other applicable law, regulation, rule or interpretation of the SEC or Nasdaq.

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## 6. AMENDMENT; TERMINATION

6.1. The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this section to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or Nasdaq rule.

## 7. OTHER RECOVERY RIGHTS

7.1. This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives. The Committee intends that this Policy will be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

## 8. DEFINITIONS

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

8.1. “**Accounting Restatement**” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a “Big R” restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “little r” restatement).

8.2. “**Clawback Eligible Incentive Compensation**” means all Incentive-based Compensation Received by an Executive Officer (i) on or after October 2, 2023, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at any time during the applicable performance period relating to any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period (as defined below).

8.3. “**Clawback Period**” means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date (as defined below), and if the Company changes its fiscal year, any transition period of less than nine months within or immediately following those three completed fiscal years.

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- 8.4. “**Erroneously Awarded Compensation**” means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.
- 8.5. “**Executive Officer**” means each individual who is currently or was previously designated as an “officer” of the Company as defined in Rule 16a-1(f) under the Exchange Act. For the avoidance of doubt, the identification of an executive officer for purposes of this Policy shall include each executive officer who is or was identified pursuant to Item 401(b) of Regulation S-K or Item 6.A of Form 20-F, as applicable, as well as the principal financial officer and principal accounting officer (or, if there is no principal accounting officer, the controller).
- 8.6. “**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall, for purposes of this Policy, be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company’s financial statements or included in a filing with the SEC.
- 8.7. “**Incentive-based Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- 8.8. “**Received**” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if the payment or grant of the Incentive-based Compensation to the Executive Officer occurs after the end of that period.
- 8.9. “**Restatement Date**” means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.
9. This policy is effective as of December 1, 2023.
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**Exhibit A**

**ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION**

By my signature below, I acknowledge and agree that:

I have received and read the attached Policy for the Recovery of Erroneously Awarded Compensation (this "*Policy*"), and I agree that the Policy supersedes any clawback provision set forth in my existing employment agreement with the Company.

I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with this Policy.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

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