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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-40578

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

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

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

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

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

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

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

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

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

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

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

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

As of May 15, 2025, the registrant has 2,865,646 shares of common stock, no par value per share, outstanding.

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Cautionary Note Regarding Forward-Looking Information

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

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

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

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Note	March 31, 2025 (Unaudited)	December 31, 2024
ASSETS			
Current			
Cash		$ 1,351,983	$ 489,868
Digital assets		262,257	26,282
Other receivable		142,822	115,520
Deposit receivable		58,177	73,849
Prepaid expenses and other current assets	4	1,017,034	559,271
Inventories	5	42,481	42,443
Total current assets		2,874,754	1,307,233
Non-current			
Property and equipment, net	6	3,915,224	808,895
Intangible assets, net	7	8,153,220	8,307,690
Goodwill	3	1,830,541	294,941
Lease deposit		50,079	45,224
Total assets		$ 16,823,818	$ 10,763,983
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	9	$ 2,899,787	$ 2,583,295
Debentures	10	4,601,070	1,443,209
Derivative liabilities		986,892	293,761
Total current liabilities		8,487,749	4,320,265
Non-current			
Other liabilities		98,954	98,864
Derivative liabilities	13	1,788,393	191,902
Long term loan	12	41,736	41,699
Total liabilities		10,416,832	4,652,730
Commitments and contingencies	17		
Shareholders' equity			
Common shares, no par value per share - unlimited shares authorized; 1,740,064 and 1,550,296 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively*	14	65,446,689	65,042,657
Additional paid-in-capital		2,964,795	2,964,795
Obligation to issue shares	14	44,214	44,214
Accumulated deficit		(60,927,574)	(60,782,119)
Accumulated other comprehensive loss		(1,121,138)	(1,158,294)
Total shareholders' equity		6,406,986	6,111,253
Total liabilities and shareholders' equity		$ 16,823,818	$ 10,763,983

* reflects the 1:100 reverse stock split effected on December 5, 2024.

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

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

	Three Months Ended March 31,	
	2025	**2024**
Revenue	344,416	-
Cost of Sales	265,393	-
Gross profit	79,023	-
Operating expenses		
Wages and salaries	$ 604,399	$ 388,604
Consulting	100,359	102,915
Professional fees	138,500	170,392
Office and administrative	184,476	295,202
Investor and public relations	68,516	25,280
Depreciation and amortization	275,395	166,998
Share based compensation	127,165	25,340
Sales and marketing	46,533	25,228
Lease expense (Note 16)	8,277	44,170
Travel and entertainment	15,990	4,683
Shareholder and regulatory	75,819	55,964
Research and development	233,179	3,585
Inventory write-off	-	38,470
Severance expense	144,928	-
Repairs and maintenance	85,669	-
Bitcoin unrealized gain (loss) market valuation	36,385	-
	2,145,590	1,346,831
Operating loss	(2,066,567)	(1,346,831)
Other expenses (income)		
Accretion of interest on debentures (Note 10)	971,343	1,364,205
(Gain) loss on conversion of convertible debt (Note 10)	(86,563)	272,732
Loss on debt extinguishment (Note 10)	115,384	410,433
Change in fair value of derivative liabilities (Note 13)	(2,976,911)	23,769
Foreign exchange gain (loss)	56,159	(54,631)
Other loss	-	4,252
Other income	(524)	(39,891)
Net loss	$ (145,455)	$ (3,327,700)
Other comprehensive income (loss)		
Foreign currency translation	37,156	(279,905)
Comprehensive loss attributable to common shareholders	$ (108,299)	$ (3,607,605)
Earnings per share:		
Basic	$ (0.09)	$ (26.32)
Diluted	$ (1.17)	$ (26.32)
Weighted average number of common shares outstanding – basic and diluted*		
Basic	1,661,921	126,438
Diluted	5,780,930	126,438

* reflects the 1:100 reverse stock split effected on December 5, 2024.

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

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

	For the three months ended March 31, 2025						
	Common shares		Additional paid-in-capital	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	# of Shares*	Amount					
Balance, January 1, 2025	1,550,296	$ 65,042,657	$ 2,964,795	$ 44,214	$ (60,782,119)	$ (1,158,294)	$ 6,111,253
Shares issued for conversion of convertible debt	189,768	404,032	-	-	-	-	404,032
Net loss	-	-	-	-	(145,455)	-	(145,455)
Foreign currency translation	-	-	-	-	-	37,156	37,156
Balance, March 31, 2025	1,740,064	$ 65,446,689	$ 2,964,795	$ 44,214	$ (60,927,574)	$ (1,121,138)	$ 6,406,986

	For the three months ended March 31, 2024						
	Common shares		Additional paid-in-capital	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	# of Shares*	Amount					
Balance, January 1, 2024	58,410	$ 49,828,942	$ 3,472,444	$ 97,094	$ (44,507,304)	$ (326,596)	$ 8,564,580
Shares issued for conversion of convertible debt	164,936	3,973,437	-	-	-	-	3,973,437
Shares issued for compensation	1,126	52,880	-	(52,880)	-	-	-
Shares issued for consulting services	1,266	25,000	-	-	-	-	25,000
Share based compensation	-	-	(15,969)	-	-	-	(15,969)
Net loss	-	-	-	-	(3,327,700)	-	(3,327,700)
Foreign currency translation	-	-	-	-	-	(279,905)	(279,905)
Balance, March 1, 2024	225,738	$ 53,880,259	$ 3,456,475	$ 44,214	$ (47,835,004)	$ (606,501)	$ 8,939,443

* reflects the 1:100 reverse stock split effected on December 5, 2024.

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

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

		For the three months ended March 31,	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		$ (145,455)	$ (3,327,700)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		275,395	166,998
Share based compensation		127,165	(15,969)
Shares issued for consulting services		-	25,000
Amortization of debt issuance costs		946,083	1,238,955
Amortization of power purchase agreement		88,573	-
Change in fair value of derivative liabilities	13	(2,976,911)	23,769
(Gain) loss on debt conversion	10	(86,563)	272,732
Loss on debt extinguishment	10	115,384	410,433
Loss on disposal of fixed assets		-	4,252
Unrealized (gains)losses on digital assets		36,385	
Changes in operating assets and liabilities:			
Revenue from digital assets production		(272,360)	
Deposit receivable		15,672	-
Other receivables		(27,302)	(16,307)
Prepaid expenses and other current assets		(457,763)	(122,405)
Inventories		(38)	38,470
Accounts payable and accrued liabilities		189,326	(4,180)
Lease deposit asset		-	(18,382)
Contract liabilities		-	15,000
Net cash used in operating activities		(2,172,409)	(1,309,334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash consideration paid for business combination		(4,765,000)	-
Net cash used in investing activities		(4,765,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debentures – net of discount and issuance costs	10	8,188,000	1,000,000
Repayment of convertible debentures	10	(110,000)	(668,568)
Financing costs of debentures	10	(145,000)	(50,000)
Net cash provided by financing activities		7,933,000	281,432
Effect of exchange rate changes on cash and cash equivalent		(133,476)	12,715
Change in cash		862,115	(1,015,187)
Cash, beginning of period		489,868	3,878,578
Cash, end of period		$ 1,351,983	$ 2,863,391
Supplemental cash flow information:			
Cash paid during the period for interest		$ 53,403	$ 32,370
Supplemental disclosure of non-cash investing and financing transactions			
Initial fair value of debenture warrants (“Fifth Tranche Warrants”)		$ -	$ 564,000
Initial fair value of conversion feature of debentures (“Fifth Tranche Debentures”)		$ -	$ 359,000
Initial fair value of debenture warrants (“January 2025 Tranche Warrants”)		$ 3,722,310	$ -
Initial fair value of conversion feature of debentures (“January 2025 Tranche Debentures”)		$ 1,012,000	$ -
Initial fair value of debenture warrants (“March 2025 Tranche Warrants”)		$ 428,350	$ -
Initial fair value of conversion feature of debentures (“March 2025 Tranche Debentures”)		$ 171,000	$ -
Shares issued for conversion of convertible debt		$ 404,032	$ 3,973,437

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

1. NATURE OF OPERATIONS AND BASIS OF PREPARATION

Business Overview

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

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

While Solutions' legacy focus was to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment ("FORCEGH+™"). 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 has changed its focus to broaden the use of its proprietary intellectual property across multiple industries. For instance, the Company through its RCS purchase, is now able to utilize that technology to deliver solutions across multiple industries, including not only agriculture, but other industries including hospitality, commercial applications, education institutions, residential real estate and transportation.

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

During 2024, the Company entered into the sustainable Bitcoin mining industry and has completed two acquisitions since late November 2024 pursuant to which the Company now owns and operates three Bitcoin mining facilities, one in Alberta, Canada and two in Ohio, for a total of 1120 BITMAIN Antminer S19j units. The facility is powered by sustainable energy, advancing AgriFORCE's mission to integrate innovative technologies that promote environmental stewardship while generating significant financial returns. The Company is proud to announce the launch of sustainable agricultural operations at its newly acquired Bitcoin mining facility in Sturgeon County, Alberta, Canada. By harnessing the excess heat and carbon emissions from Bitcoin mining, AgriFORCE is pioneering a novel approach to promote agricultural productivity while reducing environmental impact.

Basis of Presentation

The accompanying Unaudited Condensed Consolidated Interim Financial Statements and related financial information of AgriFORCE Growing Systems Ltd. should be read in conjunction with the audited financial statements and the related notes thereto for the years ended December 31, 2024 and 2023 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on April 7, 2025. These unaudited interim financial statements have been prepared in accordance with the rules and regulations of the United States Securities and SEC for interim financial information. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

In the opinion of management, the accompanying interim financial statements contain all adjustments which are necessary to state fairly the Company's financial position as of March 31, 2025 and December 31, 2024, and the results of its operations and cash flows during the three months ended March 31, 2025 and 2024. Such adjustments are of a normal and recurring nature. The results for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2025, or for any future period.

Liquidity and Management's Plan

The Company has incurred substantial operating losses since its inception and expects to continue to incur significant operating losses for the foreseeable future. As reflected in the interim financial statements for the three months ended March 31, 2025, the Company had a net loss of $0.1 million, $2.2 million of net cash used in operating activities, and the Company had a working capital deficiency of $5.6 million.

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

1. On or before November 27, 2024, the Company shall obtain shareholders approval for a reverse stock split at a ratio that satisfies the minimum requirement in the Bid Price Rule;
2. On or before December 4, 2024, the Company shall effect a reverse stock split and, thereafter, maintain a $1 closing bid price for a minimum of ten consecutive business days;
3. On or before December 17, 2024, the Company shall have demonstrated compliance with the Bid Price Rule, by evidencing a closing bid price of $1 or more per share for a minimum of ten consecutive trading sessions.

To meet these requirements, the Company held its previously postponed Annual Meeting of Shareholders on November 25, 2024, and effected a 1:100 reverse split on December 5, 2024. The Company regained compliance as of December 19, 2024 but remains subject to panel monitor for one year from that date and if it is not in compliance with the Bid Price Rule during that period, it would not be eligible for an automatic period to regain compliance and instead would need to submit to a Nasdaq Hearings Panel.

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

Reverse Stock Split

On December 5, 2024, the Company executed a one-for-one hundred reverse stock split of the Company's common shares (the "Reverse Split"). As a result of the Reverse Split, every 100 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 sold at the then prevailing price on the open market, with the proceeds being distributed on a pro-rata basis to the impacted stock holders. 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 December 5, 2024 have been adjusted to reflect the Reverse Split on a retroactive basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

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

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 requires companies to provide enhanced rate reconciliation disclosures, including disclosure of specific categories and additional information for reconciling items. The standard also requires companies to disaggregate income taxes paid by federal, state and foreign taxes. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a retrospective or prospective basis. The Company is currently assessing the impact of adopting this standard

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40): Disaggregation of Income Statement Expenses. The requires additional disclosures of certain expenses in the notes of the financial statements, to provide enhanced transparency into the expense captions presented on the Consolidated Statements of Operations. Additionally, in January 2025, the FASB issued ASU 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Subtopic 220-40), to clarify the effective date of ASU 2024-03. The new standard is effective for the Company for its annual periods beginning January 1, 2027 and for interim periods beginning January 1, 2028, with early adoption permitted. The Company is currently evaluating the impact of adopting the standard.

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.

Digital assets

Bitcoin awarded to the Company through its mining activities are accounted for in connection with the Company's revenue recognition policy.

Digital assets are classified on the Company's condensed consolidated interim balance sheet as a current asset due to the Company's ability to sell it in a highly liquid marketplace and its intent to liquidate a portion of its Bitcoin to support operations as needed. The Company measures digital assets at fair value with changes recognized in operating expenses in the condensed consolidated interim statement of operations. The Company tracks its cost basis of digital assets in accordance with the first-in-first-out ("FIFO") method of accounting.

Sales of Bitcoin by the Company and Bitcoin awarded to the Company are typically included within the investing activities on the condensed consolidated interim statement of cash flows since such Bitcoin is typically not sold nearly immediately after being produced. The Company will monitor its cash needs and sell Bitcoin in the future to fund its cash expenditures as needed. The cost basis of the Company's Bitcoin as of March 31, 2025 and December 31, 2024 was $298,642 and $26,282 respectively. The Company held 3.3 and 0.3 Bitcoin as of March 31, 2025 and December 31, 2024 respectively.

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.

Inventories

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

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.

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.

Revenue Recognition

Product revenue in 2024 was limited to sales from hydroxyl generators. 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.

The Company earns revenue from the production of digital assets through mining activities. The Company provides transaction verification services to the transaction requestor, in addition to the Bitcoin network. Transaction verification services are an output of the Company's ordinary activities; therefore, the Company views the transaction requestor as a customer and recognizes the transaction fees as revenue from contracts with customers under ASC 606. The Bitcoin network is not an entity such that it may not meet the definition of a customer; however, the Company has concluded that it is appropriate to apply ASC 606 by analogy to block rewards earned from the Bitcoin network. The Company is also entitled to the transaction fees paid by the transaction requester payable in bitcoin for each successful validation of a block. The Company assessed the following factors in the determination of the inception and duration of each individual contract to validate a block and satisfaction of its performance obligation as follows:

● For each individual contract, the parties' rights, the transaction price, and the payment terms are fixed and known as of the inception of each individual contract.

● The transaction requestor and the Bitcoin network each have a unilateral enforceable right to terminate their respective contracts at any time without penalty.

● For each of these respective contracts, contract inception and completion occur simultaneously upon block validation; that is, the contract begins upon, and the duration of the contract does not extend beyond, the validation of an individual blockchain transaction; and each respective contract contains a single performance obligation to perform a transaction validation service and this performance obligation is satisfied at the point-in-time when a block is successfully validated.

The Company measures the estimated fair value of the non-cash consideration (block reward and transaction fees) at contract inception, which is at the time the performance obligation to the requester and the network is fulfilled by successfully validating a block. The Company measures the non-cash consideration which is fixed as of the inception of each individual contract using the quoted spot rate for bitcoin determined using the Company's primary trading platform for bitcoin at the time the Company successfully validates a block.

Expenses associated with providing bitcoin transaction verification services, such as hosting fees, electricity costs, and related fees are recorded as cost of revenues. Digital assets received are recorded as digital assets. Cash flows from selling digital assets are typically included within the investing activities on the condensed consolidated interim Statement of Cash Flows.

The Company evaluates and accounts for its digital assets in accordance with ASU 2023-08, *Accounting for and Disclosure of Crypto Assets*, the Company measures digital assets at fair value with changes recognized in operating expenses. The Company applies the first-in-first-out method of accounting to its digital assets and tracks the cost basis of the crypto asset by wallet.

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 fair value of conversion options embedded in debt instruments. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. ASC 815 provides that, among other things, generally, if an event is not within the entity's control or could require net cash settlement, then the contract shall be classified as an asset or a liability.

Foreign Currency Transactions

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

Definite Lived Intangible Assets

Definite lived intangible assets consist of a granted patent and intangible assets acquired from an acquisition. Amortization is computed using the straight-line method over the estimated useful life of the asset (Note 7).

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. For the three months ended March 31, 2025, 234,643 convertible shares were excluded in the diluted loss per common share (March 31, 2024 – 150,040 common shares associated with convertible debt that were excluded from diluted earnings per share calculation since adding the common shares would be anti-dilutive.

Loss per common share calculations for all periods have been adjusted to reflect the reverse stock split effected on December 5, 2024.

Fair Value Accounting

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

As part of the issuance of debentures on June 30, 2022, January 17, 2023, October 18, 2023, November 30, 2023, February 21, 2024, April 11, 2024, May 22, 2024, January 16, 2025, and March 21, 2025 as well as the private placements on June 20, 2023 and October 15, 2024, the Company issued warrants having strike prices denominated in USD. This creates an obligation to issue shares for a price that is not denominated in the Company's functional currency and renders the warrants not indexed to the Company's stock, and therefore, must be classified as a derivative liability and measured at fair value at the end of each reporting period. On the same basis, the Series A Warrants and the representative warrants issued as part of the IPO are also classified as a derivative liability and measured at fair value.

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

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

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

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

3. ACQUISITIONS

(a) Radical Clean Solutions Acquisition

On August 16, 2024, the Company completed the acquisition of assets of Radical Clean Solutions, Inc. ("RCS"), effectively increasing its interest from 14% to 100%, and providing the Company control over RCS. The RCS technology is a product line consisting of patent-pending "smart hydroxyl generation systems" focused on numerous industry verticals that is proven to eliminate 99.99+% of all major pathogens, virus, mold, volatile organic compounds ("VOCs") and allergy triggers. As the Company's investment in RCS does not have a readily determinable fair value, the Company previously elected to account for its 14% interest in RCS at cost, less impairment. The Company recognized a loss on the investment of $97,488 during the year ended December 31, 2024.

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

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

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

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

(a) Completion of wall mount design

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

(c) Execute distribution agreements for other countries or verticals

(d) Production of 250 RCS units

(e) Production of 500 RCS units

(f) Production of 1,000 RCS units

The Consultant is entitled to be awarded 250 restricted common shares of the Company for meeting each milestone.

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

As of March 31, 2025, there were no changes in the recognized amounts or range of outcomes for the contingent consideration recognized as a result of the acquisition of RCS.

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

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

(b) Redwater Acquisition

On November 28, 2024, the Company completed its acquisition of the Redwater Bitcoin Mining Facility, located in Alberta, Canada. (“Redwater”) for a total purchase price of approximately $1.5 million. Redwater is a Bitcoin mining facility, powered by 1.2 MW of natural gas energy, currently supports over 130 bitcoin mining units and has the scalability to accommodate up to 250 units. The acquisition was accounted for as an asset acquisition as, at the time of acquisition, no outputs were produced from the property, and skilled employees or contractors required for the operation of the facility were not included in the transaction. The purchase price consisted primarily of cash proceeds paid to the seller, and legal transaction costs. The acquired assets will be amortized from their acquisition date over their remaining estimated useful lives.

The purchase price was allocated based on the relative fair value of the assets acquired as follows:

Assets Acquired:		**Fair Value**
S19J Pro Bitmain ASIC Miners	$	102,812
Natural Gas Power Plant		566,009
Power Purchase Agreement		673,769
Bitcoin Mining Facility and Infrastructure		171,116
	$	1,513,706

The Power Purchase Agreement between the Company and Rivogenix Energy Corp (“Rivogenix”), allows the Company to obtain natural gas for its Natural Gas Power Plant. The Power Purchase Agreement was determined to be a favourable contract asset, and as such was recorded at the present value of the contractual benefit. As per the agreement, Rivogenix procures the natural gas required to generate power using the Natural Gas Power Plant and allows the Company to purchase the power generated at a rate of C$0.05 per kilowatt hour (KWH). The expected power cost per kilowatt hour in Alberta was determined to be C$0.0883, providing a discount of C$0.0383. The power usage required to operate each of the acquired Bitcoin Miners is 75.9KWH per day per Bitcoin Miner. The discount rate used in the present value calculation is 11.25%, and the period of the contract has been determined to be 3 years.

(c) Bald Eagle Acquisition

On January 17, 2025, the Company completed the acquisition of assets of Bald Eagle Mining (“Bald Eagle”), located in Columbiana Country, Ohio, for a total purchase price of $4,840,000. Bald Eagle is a Bitcoin mining facility, powered by 5MW of natural gas energy, and currently supports over 900 bitcoin mining units, and has the capability to scale up to 1,200 units.

The following pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2024.

	Pro forma period ended March 31, 2025	Pro forma year ended March 31, 2024
Revenue	272,723	636,675
Net loss	49,079	3,301,205

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

These pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results of Bald Eagle to reflect the additional amortization that would have been charged assuming the fair value adjustments to the intangible assets had been applied from January 1, 2025, with the consequential tax effects.

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

		January 17, 2025
Cash consideration	$	3,550,000
Option payment		1,215,000
Purchase price	$	4,765,000
Assets acquired		
S19J Pro Bitmain ASIC Miners	$	746,159
Natural gas power generators		1,671,586
Transformers		131,878
Data centres		609,554
Shipping containers		13,744
Standby generators		66,090
Fair value of identified net assets acquired		3,239,012
Goodwill	$	1,525,988

The goodwill is attributable to the acquisition of the Bald Eagle surface access rights to the Pin Oak gas pad, which allows for further expansion of the Bald Eagle mining operation up to 1,200 bitcoin mining units. In addition, the potential exists to purchase additional natural gas from Geopetro and Pin Oak, which would allow the Company to generate additional power to increase its mining capacity. Further, the potential exists to utilize the heat generated by the bitcoin mining operations to support the cultivation of premium crops and aquaculture at the Bald Eagle site. These crops will generate additional revenue for the Company, while also supporting food security and economic development in the region.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	March 31, 2025	December 31, 2024
Legal retainer	31,004	30,976
Prepaid expenses	233,597	248,053
Inventory and equipment advances	699,229	227,087
Purchase prepayments	53,204	53,155
	$ 1,017,034	$ 559,271

5. INVENTORIES

As at March 31, 2025, the Company had $42,481 in work-in-progress inventory (December 31, 2024 – $42,443 in finished goods).

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	March 31, 2025	December 31, 2024
Computer equipment and software	1,359,199	835,142
Bitminers	851,235	-
Natural gas power generators and spare parts	1,681,821	-
Transformers and Generators	199,180	-
Furniture and fixtures	-	2,358
Total property and equipment	4,091,435	837,500
Less: accumulated amortization	(176,211)	(28,605)
Property and equipment, net	$ 3,915,224	$ 808,895

Depreciation expense on property and equipment for the three months ended March 31, 2025 was $121,079 (March 31, 2024 - $2,703). During the three months ended March 31, 2025, the Company disposed of property and equipment which resulted in a loss of $Nil (March 31, 2024 - $4,252).

7. INTANGIBLE ASSETS

	March 31, 2025	December 31, 2024
Manna IP	$ 7,354,403	$ 7,347,757
In-process research and development	284,831	284,573
Trademark	9,494	9,485
Brand logo	9,494	9,485
Web domain	9,494	9,485
Customer list	131,022	130,904
Device firmware and software	47,472	47,429
RCS blueprints	18,989	18,972
Power Purchase Agreement	597,055	625,736
Total intangible assets	8,462,254	8,483,826
Less: Accumulated depreciation	(309,034)	(176,136)
Intangible assets, net	$ 8,153,220	$ 8,307,690

Intangible assets include $7,076,879 (December 31, 2024 - $7,209,118) 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 1,476 prefunded warrants valued at $12,106,677 (the "Purchase Price"). Subject to a 9.99% blocker and SEC Rule 144 restrictions, the prefunded warrants vested in tranches up until March 10, 2024, at which time all tranches were fully vested. When vested the tranches of prefunded warrants became convertible into an equal number of common shares.

The asset was available for use on January 3, 2023. The asset has a useful life of 20 years. The Company recorded $138,762 in amortization expense related to the Manna IP for the three months ended March 31, 2025 (March 31, 2024 - $164,295).

As at September 30, 2024, the Company determined that there was an indicator of impairment for the intangible assets due to the significant decline in the Company's stock price as at September 30, 2024. As a result, the Company performed an interim intangible impairment test and determined that the fair value of the intangible asset was $7,832,200 based on an income approach using the Company's estimated discounted royalty payments. For valuing the Manna IP, the Company made estimates regarding future revenues of a market participant, royalty rate, tax rate, and discount rate. The resulting fair value estimate was considered a level 3 fair value estimate given the significant uncertainty involved in estimating future revenues and other inputs. For purposes of estimating the fair value of the patent, the Company assumed that a market participant would capture between 0.008% and 0.115% of the estimated $52.9 billion flour market between the valuation date and the expiration of the patent in 2038, with an average of 0.073%.The Company recorded an asset impairment loss of $4,137,271 in operating expenses. There were no indicators for impairment as of March 31, 2025.

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

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

The Company recorded $15,274 (March 31, 2024 - $Nil) in amortization expense, and a foreign exchange loss of $477 (March 31, 2024 - $Nil) related to the RCS assets for the three months ended March 31, 2025.

The Company acquired an intangible asset from the acquisition of Redwater, as part of the asset acquisition (note 3). The Power Purchase Agreement between the Company and Rivogenix, allows the Company to obtain natural gas for its Natural Gas Power Plant. The Power Purchase Agreement was determined to be a favourable contract asset, and as such was recorded as an intangible asset at the present value of the contractual benefit. The period of the contract has been determined to be 3 years. As at March 31, 2025, 2.75 years remain on the contract. The fair value of the Power Purchase Agreement Contract as of March 31, 2025 is $625,736 (December 31, 2024 - $625,736). The Company recognized $61,612 in amortization expense (reflected in cost of sales) during the three months ended March 31, 2025 (March 31, 2024 - $Nil) in relation to the Power Purchase Agreement.

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

Period ending:		**Amount**
Remaining 2025		640,151
2026		830,411
2027		797,863
2028		616,145
2029		600,622
Subsequent years		4,668,028
Total	$	8,153,220

8. INVESTMENT

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

On August 16, 2024, the Company acquired the assets of RCS as part of a business combination. The investment in RCS was accounted for as part of the step-acquisition accounting (Note 3).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2025	December 31, 2024
Accounts payable	$ 964,780	$ 696,168
Accrued expenses	1,935,007	1,887,127
	$ 2,899,787	$ 2,583,295

10. 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 $11,100.00 per share. In addition, the Investors received 822 warrants at a strike price of $12,210.00, 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 $6,200.00 per share and the Investors received an additional 532 warrants at a strike price of $6,200.00, 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 $6,200.00. 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 $2,250.00 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 $1,250.00 per common share and two-year warrant (with a per share exercise price of $2,500.00, 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 $262.00 per share and the Investors received an additional 6,202 warrants at a strike price of $262.00, 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 $262.00. 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 $90.00 per share and the Investors received an additional 19,861 warrants at a strike price of $90.00, 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 $90.00. The transaction costs incurred in relation to fourth tranche were $30,040.

On February 21, 2024, the Investors purchased additional debentures totaling $1,100,000 with a 10% original issue discount for gross proceeds of $1,000,000 (the "Fifth Tranche Debenture"). The Fifth Tranche Debentures were convertible into common shares at $21.40 per share and the Investors received an additional 33,411 warrants at a strike price of $23.54, which expire on August 21, 2027 (the "Fifth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third and Fourth Tranche Debentures and the First, Second, Third and Fourth Tranche Warrants to $21.40. The transaction costs incurred in relation to fifth tranche were $50,000.

On April 11, 2024, the Investors purchased additional debentures totaling $550,000 with a 10% original issue discount for gross proceeds of $500,000 (the "Sixth Tranche Debenture"). The Sixth Tranche Debentures were convertible into common shares at $16.30 per share and the Investors received an additional 21,933 warrants at a strike price of $18.00, which expire on October 11, 2027 (the "Sixth Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth and Fifth Tranche Debentures and Warrants to $16.30. The transaction costs incurred in relation to sixth tranche were $31,309.

On May 22, 2024, the Investors purchased additional debentures totaling $833,000 with a 10% original issue discount for gross proceeds of $750,000 (the "Seventh Tranche Debenture"). The Seventh Tranche Debentures were convertible into common shares at $10.00 per share and the Investors received an additional 54,145 warrants at a strike price of $11.00, which expire on November 22, 2027 (the "Seventh Tranche Warrants"). The issuance of the additional tranche triggered the down round provision, adjusting the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Debentures and the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $10.00. The transaction costs incurred in relation to seventh tranche were $3,154.

On January 16, 2025, institutional investors purchased additional debentures totaling $7,700,000 with a 10% original issue discount for gross proceeds of $7,000,000 (the "January 2025 Debenture"). The January 2025 Tranche Debentures were convertible into common shares at $2.62 per share and the Investors received an additional 1,910,306 warrants at a strike price of $2.882 (the "January 2025 Warrants"). The issuance of the additional tranche triggered the round down provision, adjusting the exercise price of the First, Second, Third, Fourth, Fifth, Sixth, and Seventh Tranche Debentures and First, Second, Third, Fourth, Fifth, Sixth, and Seventh Tranche Warrants to $2.62. The transaction costs incurred in relation to January 2025 tranche were $290,000 ($145,000 paid as of March 31, 2025).

On March 21, 2025, Investors purchased an additional tranche of $1,320,000 with a 10% original issue discount for gross proceeds of $1,188,000 (the "March 2025 Tranche Debenture"). The March 2025 Tranche Debentures were convertible into common shares at $1.99 per share and the Investors received an additional 431,159 warrants at a strike price of $1.99 (the "March 2025 Warrants"). The issuance of the additional tranche triggered the round down provision, adjusting the exercise price of the First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Tranche Debentures and First, Second, Third, Fourth, Fifth, Sixth, Seventh, and January 2025 Tranche Warrants to $1.99.

During the year ended December 31, 2024, the Investors converted the full principal balance of the Third, Fifth, Sixth and Seventh Tranche Debenture which resulted in extinguishments of the existing debts (see below).

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

The January 2025 and March 2025 Tranche Debentures (the "2025 Debentures") have an interest rate of 5% for the first 12 months, and 8% per annum thereafter. Principle repayments will be made in 25 equal installments which begin on April 1, 2025 for the January 2025 tranche and July 1, 2025 for the March 2025 Tranche Debenture. The maturity dates are January 17, 2026 and March 21, 2026 for the January 2025 tranche and March 2025 tranche respectively, at which time the outstanding debt balance is due. The 2025 Debentures may be extended by six months to July 16, 2026 for the January 2025 Tranche Debentures, and September 21, 2026 for the March 2025 Tranche Debentures at the election of the Company by paying a sum equal to six months interest at the principal amount outstanding at the end of the 12th month, at the rate of 8% per annum.

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

	Maturity	Cash Interest Rate	March 31, 2025	December 31, 2024
Principal (First Tranche Debentures)	12/31/2024	5.00% - 8.00%	$ 25,000	$ 25,000
Principal (Second Tranche Debentures)	07/17/2025	5.00% - 8.00%	25,000	25,000
Principal (Fourth Tranche Debentures)	06/01/2026	5.00% - 8.00%	1,145,070	1,485,714
Principal (January 2025 Tranche Debentures)	01/16/2026	5.00% - 8.00%	7,700,000	-
Principal (March 2025 Tranche Debentures)	03/21/2026	5.00% - 8.00%	1,320,000	-
Debt issuance costs and discounts (Note 10 & 13)			(5,614,000)	(92,505)
Total Debentures (current)			$ 4,601,070	$ 1,443,209

During the three months ended March 31, 2025, the Investors converted $380,000 of principal (March 31, 2024 – $1,760,290) and $21,860 of interest (March 31, 2024 - $92,880) into shares of the Company resulting in a $86,563 (March 31, 2024 - $272,732 loss) gain on the conversion of convertible debentures. During the three months ended March 31, 2025, the Company incurred $971,343 (March 31, 2024 - $1,364,205) in accretion interest and made $135,260 of cash repayments (March 31, 2024 - $668,568).

During the three months ended March 31, 2024, the Investors converted $2,200,657 of the First and Second Tranche Debentures into 87,584 shares of the Company. The conversions were 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 $410,433.

11. CONTRACT BALANCES

As at March 31, 2025, contract balances consisted of $Nil advance payments for product sales not yet delivered, which are recognized as a contract liability (December 31, 2024 - $Nil).

12. 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 $27,824 (CAD$40,000) (December 31, 2024 - $27,799 (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 $13,912 (CAD$20,000) (December 31, 2024 - $13,900 (CAD$20,000)). The expansion loan is subject to the original terms and conditions of the Program.

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

The balance as at March 31, 2025 was $41,736 (CAD $60,000) (December 31, 2024 was $41,699 (CAD $60,000)).

13. DERIVATIVE LIABILITIES

Warrant Liabilities

As at March 31, 2025, the Warrant Liabilities represent aggregate fair value of 200 warrants issued in a private placement (“Private Placement Warrants”), 822 First Tranche Warrants, 532 Second Tranche Warrants, 6,202 Third Tranche Warrants, 19,861 Fourth Tranche Warrants, 33,411 Fifth Tranche Warrants, 21,933 Sixth Tranche Warrants, 54,145 Seventh Tranche Warrants, 1,910,306 January 2025 Tranche Warrants, and 431,159 March 2025 Tranche Warrants (“Debenture Warrants”).

As of March 31, 2025, the fair value of the IPO Warrants and Rep Warrants amounted to $22 (December 31, 2024 - $21). The Rep Warrants were exercisable one year from the effective date of the IPO registration statement, expiring three years after the effective date. As of July 16, 2024, 645 Company warrants issued as part of its IPO expired which consisted of publicly traded 618 Series A warrants (“IPO Warrants”) and 27 representative’s warrants (“Rep Warrants”). The expiry resulted in a gain on extinguishment of warrant liability of $14,769.

As of March 31, 2025, the fair value of the Private Placement Warrants amounted to $23 (December 31, 2024 - $23). As at March 31, 2025 the Company utilized the Black-Scholes option-pricing model for the Private Placement Warrants and used the following assumptions: stock price $1.10 (December 31, 2024 - $0.47), dividend yield – nil (December 31, 2024 – nil), expected volatility 100% (December 31, 2024 – 105%), risk free rate of return 3.82% (December 31, 2024 – 3.88%), and expected term of 1 year (December 31, 2024 – expected term of 1.50 years).

As at March 31, 2025 the First Tranche Warrants had a fair value that amounted to $761 (December 31, 2024 - $24,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the First Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 90.0%), risk free rate of return 3.90% (December 31, 2024 – 4.16%), and expected term of 0.75 years (December 31, 2024 – expected term of 1 year).

As at March 31, 2025 the Second Tranche Warrants had a fair value that amounted to $591 (December 31, 2024 - $15,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Second Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 95.0%), risk free rate of return 3.72% (December 31, 2024 – 4.21%), and expected term of 1.80 years (December 31, 2024 – expected term of 1.55 years).

As at March 31, 2025 the Third Tranche Warrants had a fair value that amounted to $4,230 (December 31, 2024 - $192,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Third Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 95.0%), risk free rate of return 3.89% (December 31, 2024 – 4.26%), and expected term 2.05 years (December 31, 2024 – expected term of 2.30 years).

As at March 31, 2025 the Fourth Tranche Warrants had a fair value that amounted to $12,380 (December 31, 2024 - $724,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Fourth Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 100.0% (December 31, 2024 – 90.0%), risk free rate of return 3.89% (December 31, 2024 – 4.20%), and expected term of 2.17 years (December 31, 2024 – expected term of 2.42 years).

As at March 31, 2025 the Fifth Tranche Warrants had a fair value that amounted to $22,560 (December 31, 2024 - $111,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Fifth Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 95.0%), risk free rate of return 3.89% (December 31, 2024 – 4.26%), and expected term of 2.39 years (December 31, 2024 – expected term of 2.64 years).

As at March 31, 2025 the Sixth Tranche Warrants had a fair value that amounted to $15,670 (December 31, 2024 - $73,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Sixth Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 – $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 95.0%), risk free rate of return 3.89% (December 31, 2024 – 4.27%), and expected term of 2.53 years (December 31, 2024 – expected term of 2.78 years).

As at March 31, 2025 the Seventh Tranche Warrants had a fair value that amounted to $36,620 (December 31, 2024 - $170,000). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Seventh Tranche Warrants using the following assumptions: stock price $1.10 (December 31, 2024 – $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 105.0% (December 31, 2024 – 95.0%), risk free rate of return 3.89% (December 31, 2024 – 4.27%), and expected term of 2.64 years (December 31, 2024 – expected term of 2.89 years).

As at March 31, 2025 the January 2025 Tranche Warrants had a fair value that amounted to $1,364,830 (January 16, 2025 - $3,722,310). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Eighth Tranche Warrants using the following assumptions: stock price $1.10 (January 16, 2025 – $2.63), dividend yield – nil (January 16, 2025 – nil), expected volatility 100.0% (January 16, 2025 – 100.0%), risk free rate of return 3.90% (January 16, 2025 – 4.32%), and expected term of 3.30 years (January 16, 2025 – expected term of 3.50 years).

As at March 31, 2025 the March 2025 Tranche Warrants had a fair value that amounted to $329,850 (March 21, 2025 - $428,350). As at March 31, 2025 the Company utilized the Monte Carlo option-pricing model to value the Ninth Tranche Warrants using the following assumptions: stock price $1.10 (March 21, 2025 – $1.42), dividend yield – nil (March 21, 2025 – nil), expected volatility 100.0% (March 21, 2025 – 100.0%), risk free rate of return 3.91% (March 21, 2025 – 3.94%), and expected term of 3.47 years (March 21, 2025 – expected term of 3.49 years).

Debenture Convertible Feature

As at March 31, 2025 the fair value of the First Tranche Debentures' convertible feature amounted to $2,057 (December 31, 2024 – $164,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $1.10 (December 31, 2024 - $0.47), dividend yield – nil (December 31, 2024 – nil), expected volatility 100.0% (December 31, 2024 – 100.0%), risk free rate of return 3.82% (December 31, 2024 – 5.03%), discount rate 12.25% (December 31, 2024 – 17.50%), and expected term of 0.15 year (December 31, 2024 – 1 year).

As at March 31, 2025 the fair value of the Second Tranche Debentures' convertible feature amounted to $1,714 (December 31, 2024 – $429,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $1.10 (December 31, 2024 – $0.47), dividend yield – nil (December 31, 2024 – nil), expected volatility 100.0% (December 31, 2024 – 105.0%), risk free rate of return 3.82% (December 31, 2024 – 4.51%), discount rate 12.25% (December 31, 2024 – 17.50%), and expected term of 0.15 years (December 31, 2024 – 1.55 years).

As at March 31, 2025 the fair value of the Fourth Tranche Debentures' convertible feature amounted to $91,000 (December 31, 2024 – $317,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $1.10 (December 31, 2024 - $2.37), dividend yield – nil (December 31, 2024 – nil), expected volatility 100.0% (December 31, 2024 – 90%), risk free rate of return 4.01% (December 31, 2024 – 4.20%), discount rate 11.25% (December 31, 2024 – 11.25%), and expected term of 1.17 years (December 31, 2024 – 1.42 years).

As at March 31, 2025 the fair value of the Eighth Tranche Debentures' convertible feature amounted to $728,000 (January 16, 2025 - $1,012,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $1.10 (January 16, 2025 – $2.63), dividend yield – nil (January 16, 2025 – nil), expected volatility 100.0% (January 16, 2025 – 100.0%), risk free rate of return 4.11% (January 16, 2025 – 4.18%), discount rate 11.25% (January 16, 2025 – 10.75%), and expected term of 0.79 years (January 16, 2025 – 1.00 years).

As at March 31, 2025 the fair value of the Ninth Tranche Debentures' convertible feature amounted to $165,000 (March 21, 2025 - $171,000). The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $1.10 (March 21, 2025 – $1.42), dividend yield – nil (March 21, 2025 – nil), expected volatility 100.0% (March 21, 2025 – 100.0%), risk free rate of return 4.04% (March 21, 2025 – 4.04%), discount rate 11.25% (March 21, 2025 – 11.00%), and expected term of 0.98 years (March 21, 2025 – 1.00 years).

During the year ended December 31, 2024, the Investors converted the full principal balance of the Third, Sixth and Seventh Tranche Debenture which resulted in an extinguishment of the existing debt and convertible feature. On March 31, 2024, the fair value of the Third Tranche Debentures' convertible feature amounted to $618,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $0.18, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.59%, discount rate 18.00%, and expected term of 2.05 years. On April 11, 2024, the fair value of the Sixth Tranche Debentures' convertible feature amounted to $197,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $16.00, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.85%, discount rate 19.00%, and expected term of 2.50 years. On May 22, 2024, the fair value of the Seventh Tranche Debentures' convertible feature amounted to $295,000. The Company utilized the Monte Carlo option-pricing model for valuing the convertible feature using the following assumptions: stock price $10.00, dividend yield – nil, expected volatility 95.0%, risk free rate of return 4.75%, discount rate 19.00%, and expected term of 2.50 years.

During the three months ended March 31, 2025, a debt extinguishment of $115,384 occurred for the increase in principal of tranche 4 of 15%.

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

Changes in the fair value of the Company's financial instruments for the three months ended March 31, 2025 and 2024 were as follows:

	Level 1	Level 3	Level 3	
	IPO and Rep Warrants	**Debenture Warrants**	**Debenture Convertible Feature**	**Total**
Balance at January 1, 2025	$ 21	$ 191,880	$ 293,762	$ 485,663
Additions	-	4,150,660	1,183,000	5,333,660
Conversions	-	-	(74,186)	(74,186)
Change in fair value		(2,560,523)	(416,388)	(2,976,911)
Effect of exchange rate changes	1	5,475	1,583	7,059
Balance at March 31, 2025	$ 22	$ 1,787,492	$ 987,771	$ 2,775,285

	Level 1	Level 3	Level 3	
	Equity Warrants	**Debenture Warrants**	**Debenture Convertible Feature**	**Total**
Balance at January 1, 2024	$ 11,308	$ 955,000	$ 1,724,000	$ 2,690,308
Additions	-	564,000	359,000	923,000
Conversions	-	-	(630,106)	(630,106)
Change in fair value	17,273	(736,181)	742,677	23,769
Effect of exchange rate changes	(285)	(23,819)	(43,571)	(67,675)
Balance at March 31, 2024	$ 28,296	$ 759,000	$ 2,152,000	$ 2,939,296

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

14. SHARE CAPITAL

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

As at March 31, 2025, the Company owed $44,214 worth of stock-based compensation to a former officer of the Company. The balance issuable was classified as an *Obligation to issue shares*.

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

15. REVENUE

For the three months ended March 31, 2025, the Company sold hydroxyl generating devices and participated in bitcoin mining activities. The Company's revenue is as follows:

	March 31, 2025	March 31, 2024
QuadPro devices	$ 71,693	$ -
Crypto asset production	272,723	-
	$ 344,416	$ -

16. LEASES

The components of lease expenses were as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Short-term lease cost	$ 8,277	$ 44,170
Total lease expenses	$ 8,277	$ 44,170

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

17. COMMITMENTS AND CONTINGENCIES

Debenture principal repayments

The following table summarizes the future principal payments related to our outstanding debt as of March 31, 2025:

Remaining 2025	$ 4,018,800
2026	6,196,271
	$ 10,215,071

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 not probable given the facts supporting AgriFORCE's 'for cause' termination of Mr. Mueller as well as the significant expense that Mr. Mueller would have to incur to advance this matter to trial.

On September 31, 2023, Stronghold filed a Complaint with the Superior Court of California for Breach of Contract; Breach of the Covenant of Good Faith and Fair Dealing; and Common Count: Goods and Services Rendered in relation to the purchase and sale agreement for the Coachella property. Stronghold alleges that AgriFORCE breached the PSA by failing to deposit certain stocks certificates into Escrow, failing to pay amounts owed for its costs incurred in connection with the Sellers Work, and for terminating the PSA despite Stronghold's performance of the Sellers Work. Stronghold is claiming $451,684.00 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. On January 17, 2025, the Company settled the complaint with Stronghold and agreed to pay Stronghold $20,833 monthly for 12 months beginning February 1, 2025.

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

On July 11, 2024, AgriFORCE's former General Counsel filed a Notice of Civil Claim with the Supreme Court of British Columbia, in which he alleges that AgriFORCE wrongfully terminated his employment without notice, in breach of the parties' underlying employment agreement. Former General Counsel alleges to have suffered damages including, among other things, a loss of base salary of $250,000 CAD per annum, damages from not receiving common stock of AgriFORCE equivalent in value to $62,500 CAD, and damages from not receiving entitlement to the Company's short-term incentive bonus of $90,563 CAD, and participation in the Company's long-term incentive stock option program, and participation in the Company's Group Benefits plan. The Company filed a response to the claim on August 2, 2024. AgriFORCE's position is that General Counsel was terminated for 'just cause'. On January 6, 2025, the Company settled the Civil Claim with the Company's former General Counsel and agreed to pay a settlement amount of $160,000 CAD to the Company's former General Counsel.

18. SEGMENTED INFORMATION

The Company has chosen to organize its operating segments based on products or services offered. Each operating segment is also a reportable segment (i.e. operating segments have not been aggregated). The Company's operating and reportable segments at March 31, 2025, include Unthink Food, which produces high protein baking flour; Radical Clean Solutions, which sells its patented hydroxyl devices; and Bitcoin Mining. All other activities, including financing, are carried out through the corporate entity. At March 31, 2025, Bitcoin Mining operations were conducted at the Redwater Property in Alberta, Canada, and the Bald Eagle Property in Ohio, USA, which reflects the manner in which the Company's Chief Operating Decision Maker ("CODM"), its Chief Executive Officer, reviews and assesses the performance of the business and allocates resources.

The information used by the CODM to assess performance and allocate resources includes various measures of segment profit, however, for the purposes of the disclosures required by ASC 280, Segment Reporting and ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, the Company has determined that the measure most consistent with the measurement principles used in measuring the corresponding amounts in the condensed consolidated unaudited financial statements is net income. Segment financial information is used to monitor forecast versus actual results in order to make key operating decisions for each segment. The CODM evaluates the performance or allocate resources for each segment based on the Company's assets or liabilities.

The following discloses key financial information including the significant segment expenses, in the context of deriving net income, that are regularly provided to and reviewed by the CODM reconciled to the segment's net income:

	Unthink Food	Radical Clean Solutions	Bitcoin Mining	Corporate	Total
Three Months Ended March 31, 2025					
Revenue	$ 531	$ 71,162	$ 272,723	$ -	$ 344,416
Significant segment expenses					
Costs of services	-	-	223,644	-	223,644
Cost of inventory sold	-	41,749	-	-	41,749
Gross profit (loss)	531	29,413	49,079		79,023
Selling, general and administrative	1,242	62,523	36,384	1,205,387	1,305,536
Research and Development	-	233,179	-	-	233,179
Depreciation	154,316	-	121,079	-	275,395
Accretion interest expense	-	-	-	971,343	971,343
Repairs and Maintenance	-	-	85,668	-	85,668
Severance Expense	-	-	-	144,928	144,928
Foreign exchange loss / gain	(89)	-	-	56,248	56,159
Change in fair value of derivatives	-	-	-	(2,976,911)	(2,976,911)
Loss (gain) on conversion of convertible debt	-	-	-	(86,563)	(86,563)
Loss on debt extinguishment	-	-	-	115,384	115,384
Consulting	-	-	-	100,359	100,359
Total operating expenses and other expenses (income)	155,469	295,702	243,131	(469,825)	224,477
Net Loss	$ (154,938)	$ (266,289)	$ (194,052)	$ 469,825	$ (145,455)

	Unthink Food	Radical Clean Solutions	Bitcoin Mining	Corporate	Total
Three Months Ended March 31, 2024					
Revenue	$ -	$ -	$ -	$ -	$ -
Significant segment expenses	-	-	-	-	-
Costs of services	-	-	-	-	-
Cost of inventory sold	-	-	-	-	-
Gross margin	-	-	-	-	-
Selling, general and administrative	71,866	-	-	1,072,328	1,144,194
Acquisition-related integration costs	-	-	-	-	-
Depreciation	164,295	-	-	2,703	166,998
Foreign exchange loss / gain	-	-	-	(54,631)	(54,631)
Change in fair value of derivatives	-	-	-	23,769	23,769
Loss (gain) on conversion of convertible debt	-	-	-	272,732	272,732
Loss on debt extinguishment	-	-	-	410,433	410,433
Accretion interest expense	-	-	-	1,364,205	1,364,205
Total operating expenses and other expenses (income)	236,161	-	-	3,091,539	3,327,700
Net Income	$ (236,161)	-	$ -	$ (3,091,539)	$ (3,327,700)

Other segment items consists of loss on disposition of property, plant and equipment, change in fair value of derivatives, impairment loss, interest income, and foreign exchange (loss) gain, as reported on the condensed consolidated unaudited income statements. following table summarizes the additions to property and equipment, total property and equipment, and total assets by segment, used by the CODM to assess segment performance.

	Unthink Food	Radical Clean Solutions	Bitcoin Mining	Corporate	Total
Three Months Ended March 31, 2025					
Property and equipment, additions	$ -	$ -	$ 2,267,816	$ -	$ 2,267,816
Intangible assets, additions	-	-	1,506,918	-	1,506,918
Property and equipment, net	-	-	1,647,408	50,079	1,697,487
Intangible assets, net	7,076,879	774,228	625,736	-	8,476,843
Total assets	$ 7,076,879	$ 774,228	$ 6,047,878	$ 50,079	$ 13,949,064
Three Months Ended March 31, 2024					
Property and equipment, additions	$ -	$ -	$ -	$ 112,046	$ 112,046
Intangible assets, additions	-	-	-	-	
Property and equipment, net	-	-	-	84,295	84,295
Intangible assets, net	12,265,856	218,449	-	-	12,484,305
Total assets	$ 12,265,856	$ 218,449	-	$ 196,341	$ 12,680,646

The following tables summarize revenue, assets, and property, plant, and equipment by geographic area based on the location of the underlying action activity or rendering of services and location of the underlying assets:

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024	
Revenue				
Canada	$	56,405	$	-
United States		288,011		-
Total Revenue	$	344,416	$	-

	Three Months Ended March 31, 2025		Year Ended December 31, 2024	
Assets				
Cash and cash equivalents for all segments				
Canada	$	1,351,983	$	423,907
United States				65,961
Total cash and cash equivalents	$	1,351,983	$	489,868
Property Plant and Equipment				
Canada	$	1,647,408	$	808,895
United States		2,267,816		-
Total property plant and equipment	$	3,915,224	$	808,895

The revenues for the Radical Clean Solutions segment were generated from one customer for the periods ended March 31, 2025 and 2024.

The revenues for the Bitcoin mining segment were generated from Bitcoin network.

19. SUBSEQUENT EVENTS

From April 1, 2025 through May 15, 2025, the Company issued 817,087 common shares upon conversion of convertible debt (principal and interest of $1,214,047).

On April 22, 2025, an Investor purchased a promissory note of $290,000. The promissory note has an original issue discount of $40,000 and a one-time interest charge of 12% ($34,800).

On May 1, 2025, the Company issued 117,206 common shares to the Executive Chair of the Company for completion of certain milestones.

On May 1, 2025, the Company issued 141,289 common shares to an executive of the Company as part of compensation to Company officers.

On May 9, 2025, the Company issued 50,000 common shares upon exercise of warrants.

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

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

Company History and Our Business

Overview

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

Our Business

Most recently, the Company has entered into the sustainable Bitcoin mining industry and has completed two acquisitions since late November 2024 pursuant to which the Company now owns and operates three Bitcoin mining facilities, one in Alberta, Canada and two in Ohio, for a total of 1120 BITMAIN Antminer S19j units.

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.

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

While Solutions' legacy focus was to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment ("FORCEGH+™"). it has changed its focus to broaden the use of its proprietary intellectual property across multiple industries. For instance, the Company through its RCS purchase is not able to utilize that technology to deliver solutions across multiple industries, including not only agriculture, but other industries including hospitality, commercial applications, education institutions, residential real estate and transportation.

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

AgriFORCE™ Brands

UN(THINK)™ Foods

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

During the year ended December 31, 2024, 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 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

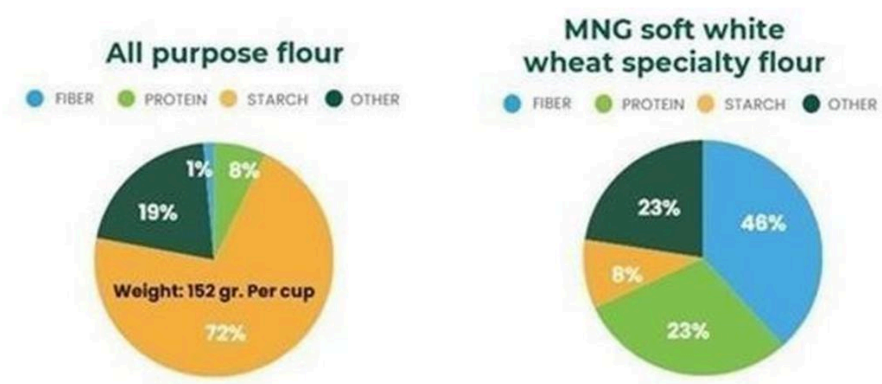
Modern diet is believed to be a contributor to health risks such as heart disease, cancer, diabetes and obesity, due in part to the consumption of highly processed foods that are low in natural fiber, protein and nutrition; and extremely high in simple starch, sugar and calories. These "empty carbs" 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%)(4). Apart from dietary fiber, whole flour is only marginally better in terms of these macronutrients (2).

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

Advantages of the UN(THINK)™ Foods IP

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

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



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

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

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

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

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

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

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

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

GROWTH PLAN

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

PHASE 1 (COMPLETED):

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

PHASE 2:

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

PHASE 3:

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

PHASE 4:

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

AgriFORCE Solutions

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

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

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

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

BUSINESS PLAN

The Company will launch a full line up of Hydroxyl Devices and start commercializing the Hydroxyl Devises into international markets including 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 Company is pursuing a strategic shift towards the advancement of sustainable technology initiatives through the acquisition of Bitcoin mining facilities. The Company plans to reduce the environmental impact of the Bitcoin mining facilities while simultaneously producing revenue from high yield agricultural operations. By utilizing an integrated and automated onsite carbon sequestering agricultural operation to reuse the waste energy from the natural gas generators used in the Bitcoin mining operation, the Company aims to reduce carbon emissions while also contributing to local food security and economic growth. In addition, the Company intends to generate immediate shareholder value through the generation of Bitcoins from the mining operation.

The AgriFORCE Clean Solutions

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

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

On October 1, 2023, the Company signed a definitive agreement to purchase a 14% ownership stake in RCS. On August 16, 2024, the Company completed the acquisition of 86% of the common shares of Radical Clean Solutions, Inc. ("RCS"), increasing its interest from 14% to 100%, and providing the Company control over RCS. RCS became a consolidated subsidiary of the Company on this date.

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. During 2024, the Company completed delivery of its second generation AgriFORCE/RCS hydroxyl generating devices to the Mexican market through its distribution agreement.

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

BUSINESS PLAN

2025

- 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

2026

- 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 on targets which are focused the bitcoin mining space. 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:

Sustainable Bitcoin Mining

As of the fourth quarter of 2024, the Company has entered into the sustainable Bitcoin mining industry and has completed two acquisitions since late November 2024 pursuant to which the Company now owns and operates three Bitcoin mining facilities, one in Alberta, Canada and two in Ohio, for a total of 1120 BITMAIN Antminer S19j units. The facility is powered by sustainable energy, advancing AgriFORCE's mission to integrate innovative technologies that promote environmental stewardship while generating significant financial returns. The Company is proud to announce the launch of sustainable agricultural operations at its newly acquired Bitcoin mining facility in Sturgeon County, Alberta, Canada. By harnessing the excess heat and carbon emissions from Bitcoin mining, AgriFORCE is pioneering a novel approach to promote agricultural productivity while reducing environmental impact.

As we approach a key milestone in the progression of our growth strategy it is important to clarify how our adoption of an innovative combination of technologies will reduce the environmental impact of data centers while simultaneously producing revenue from high yield agricultural operations. Upon closing we intend to utilize our new data center to leverage energy generated from flare natural gas-powered operations to increase the environmental mitigation and revenue potential of our integrated cogeneration site. Located in Alberta, Canada, at the site of the intended acquisition, we will be testing an integrated and automated onsite carbon sequestering agricultural operation which will reuse the waste energy from the onsite natural gas generator. By adopting this integrated approach, we're able to reduce our carbon emissions while also contributing to local food security and economic growth.

While benefiting from Alberta's strong incentive programs, i.e., the Alberta Carbon Capture Incentive Program, the Company hopes to reuse waste resources to produce profit from cryptocurrency mining, Alberta carbon credits for carbon sequestration and methane reduction, and the sale of premium crops. Upon completion of the acquisition, the Company's process will capture natural gas flares to generate significant low-cost energy to operate the cryptocurrency mining rigs. The new facility, and any facilities that the Company may acquire moving forward, will capture and redirect heat from miners and the generator to warm an enclosure suitable for growing white-legged shrimp (Penaeus Vannamei), and controlled environment agriculture. The facility will then be utilized to produce a continuous supply of fresh shrimp, red seaweed and micro-greens for local markets and restaurants. Micro-greens are a fast-growing, nutrient-dense crop that requires relatively little space and water to produce commercial yields, while significantly reducing greenhouse gas emissions.

The facility, powered by an on-site generator, utilizing flared gas, integrates carbon capture and heat reuse technologies to support the cultivation of premium crops and aquaculture. Targeted products include white-legged shrimp, nutrient-dense micro-greens, and high-demand red seaweed—key contributors to food security and economic development in the region. These sustainable practices are designed to offset the greenhouse gas emissions associated with high-energy Bitcoin mining, demonstrating a model for future growth.

On November 28, 2024, AgriForce Growing Systems, Ltd. (the "Company") entered into an agreement with Rivogenix Energy Corp. to acquire and consummated the acquisition of various assets which comprise a bitcoin mining facility in Sturgeon County, Alberta, Canada. The assets were acquired for $1.5 million in cash from the Company's own available cashflow and are comprised of a data center and approximately 130 bitcoin miners.

On January 17, 2025, AgriForce Growing Systems, Ltd. (the "Company") purchased assets comprising a five MW Bitcoin mining facility (on two sites) in Columbiana County Ohio (the "Facility") from Bald Eagle County, LLC. The asset purchase price (including purchase of an option to purchase the Facility) was $4.55 million. The assets purchased consist of following assets, inter alia: Nine hundred (900) S-19 J Pro BITMAIN Antminers, transformers necessary to operate the Facility, five (5) custom 40 ft Crypto Canman housing containers including 5 power distribution boxes, one Caterpillar trailer mounted standby generator, one Doosan trailer mounted generator set, eight shipping containers and five 1 MW natural gas generator power plants. The Company also received assignment of power purchase agreements to purchase gas at $0.04 per kWh and access leases to the realty underlying the Facility.

This acquisition is a pivotal step in AgriFORCE's commitment to integrating sustainable energy solutions, advanced data operations, and innovative agricultural initiatives to create long-term value for shareholders.

Powered by 5 MW of natural gas energy, the facility is currently operational with over 900 bitcoin mining units and has the capacity to scale up to 1,200 units. Utilizing energy derived from flare natural gas, the facility not only generates consistent revenue but also minimizes its environmental footprint. Plans are in place to enhance operations by repurposing waste heat and implementing carbon capture technology, enabling diversified revenue streams through sustainable agricultural practices, such as premium crop cultivation and aquaculture systems.

Currently all mined assets are held and we have no intention to sell unless the Company requires the cash for maintaining operations. The Company is in the process of developing a written policy to govern the cold-storage and liquidation process for selling and borrowing using our bitcoin assets. As of now, the Company holds all of its bitcoin in a BitGo wallet. There is limited risk in volatility at present in bitcoin pricing due to our policy of holding bitcoin for the long term. We have not sold any Bitcoin as of the date of this filing.

We have an agreement with Bitgo to hold out Bitcoin in cold storage with instantaneous liquidity available. They will also act as our exchange.

Our miners have an average age of three years in all of our facilities. Statistics on our miners are as follows:

Efficiency: median: 99.86%; mean: 99.58%; range: 99.26 – 99.9%. Our average downtime for scheduled and nonscheduled is 24 hours in a month. This includes activities related to weather and optimization of the power units and miner boards.

Our weighted average of cost of Bitcoin mined is approximately $41,000. Our approximate inputs are as follows:

Alberta:

1 BTC at this site alone will take 112.4 days at an average operating cost of $712.50/day due to low capacity. So, before optimization, the cost for 1 BTC is approximately $56,000 at this site

Ohio:

The site has been running at 67PH/s at 2500kWh and $0.05/kWh generating approximately 0.03735 BTC/day.

We generate 1BTC every 26 days at this site at a cost of $1,350/day, so the Ohio cost is $35,100/BTC mined.

A weighted average of the two sites puts the total cost of approximately $41,000 per BTC mined. This number is approximated as the operation of these sites has only commenced within the last few months and may vary due to multiple factors including weather conditions, any unforeseen maintenance issues such as glycol buildup in generators and other potential major maintenance issues.

In February, the Company entered into an agreement to purchase 220 new BITMAIN Antminer S19kPro miners from a third-party supplier, with the understanding that the units were available at the point of manufacture in China. Payment in full was made in full. Following the purchase, the supplier experienced delays in securing the S19kPro units from the manufacturer. To mitigate the delay, the Company and the supplier agreed to apply the value of the 220 S19kPro miners toward an equivalent cost basis in newer-generation BITMAIN S21 XP miners. As a result, AGRI acquired 50 new S21 XP miners, each with a hashrate of 270 TH/s. These miners were released from Canadian Customs on Wednesday April 2, 2025. As of the date of this filing, the units are expected to be delivered to our EPCM contractor's facility in Grand Prairie, Alberta and then travel to the Sturgeon County, Alberta mining facility within the week. Installation and deployment will begin immediately upon arrival, with full operational status expected by Wednesday April 9, 2025. Subsequent infrastructure maintenance and minor upgrades have been completed. The 50 S21 XP miners are expected to contribute a combined hashrate of approximately 13.5 PH/s to our operations.

Financing Initiatives

In late January 2025, the Company also closed on the first tranche of an up to $50 million financing facility with institutional investors. The Company utilized a portion of the first $7 million tranche to pay for the acquisition of the assets. The Company is grateful to its investors for the confidence placed in its ability to execute its business plan with the closing of the third acquisition in six months, which as with the Redwater acquisition is providing immediately cash flow to the Company.

This acquisition has increased the Company's hashrate by over 600% and highlights the Company's strategic growth plan of stranded gas assets to be coupled with sustainable agricultural assets in the coming months. Ohio has positioned itself as a pioneer in blockchain and cryptocurrency innovation, driven by initiatives like the proposed Ohio Bitcoin Reserve Act (HB 703). This legislation, aimed at leveraging Bitcoin as a hedge against currency devaluation, underscores the state's commitment to financial and technological advancements. AgriFORCE's investment in the Columbiana County facility aligns with these efforts, cementing Ohio's reputation as a leader in clean energy integration and digital asset development.

Economic and Social Benefits

The facility's operations are expected to generate meaningful economic benefits for Ohio, including:

● Job Creation: The project will create new opportunities in advanced technology and sustainable agriculture, addressing workforce development needs in the region.

● Enhanced Food Security: By implementing agricultural practices that produce nutrient-rich crops, AgriFORCE will contribute to addressing food insecurity challenges in Ohio, where over 14% of households face such issues.

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

Recent Developments

Management Restructuring

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

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

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

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

On January 21, 2025, the Board of Directors of the Company appointed Dr. Barrett Mooney as Chief Operating Officer.

On March 4, 2025, Richard Wong and the Company mutually agreed to conclude his employment with the Company. Chris Polimeni was appointed by the board to succeed Richard Wong. Richard Wong will serve in an advisory role to ensure a smooth transition while continuing to support the company's commitment to delivering value to shareholders and customers.

Share Repurchase Program

On June 17, 2024, the Company's Board of Directors authorized a share repurchase program (the "Repurchase Program") under which the Company may repurchase up to $1 million of its outstanding common shares, for a period of six months, subject to contractual requirements. The Board will periodically review the Company's Repurchase Program and may decide to extend its term or increase the authorized amount. As at March 31, 2025, no shares have been repurchased under the program.

Acquisitions

We purchased all of the assets of RCS in August 2024, the Redwater Bitcoin Mining Facility in November 2024, and the Bald Eagle Bitcoin Mining Facility in January 2025. A discussion of the acquisitions is set forth above in footnote 3 to our financial statements included herein.

Status as an Emerging Growth Company

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

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions from, without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of our fiscal year following the fifth anniversary of the closing of 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.

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

Results of Operations

The following discussion should be read in conjunction with the condensed unaudited financial statements for the interim periods ended March 31, 2025 and 2024 included in this report.

Revenues

The Company sells its hydroxyl generating devices directly to customers and indirectly to customers through sales brokers.

During the three months ended March 31, 2025, the Company sold and delivered 12 hydroxyl generating devices for gross sales of $71,162. There were no such sales in the three months ended March 31, 2024.

Bitcoin revenue increase due to acquisition of bald eagle bitcoin mining operations started during Q1 2025, producing approximately 1 bitcoin a month.

Operating Expenses

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

Operating expenses increased during the three months ended March 31, 2025 as compared to March 31, 2024 by $798,789 or 59% primarily due to the following:

- Decrease in professional fees due to certain lawsuits being settled early Q1 2025, while Q1 2024 had significant litigation costs.
- Office and administrative costs decrease by $110,726. Decrease is due to reduction in office expenses due to reduction in staff in Q1 2025 and also move to a virtual office.
- Increase in Repairs and Maintenance due to increase in misc. repairs required for bitcoin facility as majority of repairs were completed in Q4 2025. Repairs include changing wiring and control panels. No Repairs and Maintenance in Q1 2024
- Lease expense decreased by $35,893 due to shifting from a short-term office lease to a virtual office.
- Research and development increased by $229,594 due to RCS related research to design and development current devices and expenses related to testing on its effectiveness against mold
- Travel and entertainment increased by $11,307 increased international travel for foreign business development.
- Investor and public relations increased by $43,236 due to increase in IR campaign to promote company products.
- Wages and salaries increased by $215,795 due to hiring of new staff for Bitcoin mining and RCS.
- Share based compensation increased by $101,825 due to share based compensation to Chairman and CEO of the company.
- Increase in severance expense due to Richard Wong (former CFO) severance agreement entered into in Q1 2025
- Increase in Depreciation expense due to fixed assets obtained from bitcoin operations that depreciate

Other Expenses / (Income)

Other expense for the three months ended March 31, 2025 increased when compared to the three months ended March 31, 2024 due to the following:

- Change in fair value of derivative liabilities improved by $3,000,680 due to significant more conversion features and warrants issued in Q1 2025 that were revalued as at March 31, 2025 with significantly lower liability values.

- Loss on debt extinguishment decreased by $295,049 due to limited extinguishments during the period due to a lot fewer conversions during the Q1 2025.

- (Gain) loss on conversion of convertible debt improved by $359,295 due to limited conversion during the period due to a lot fewer conversions during the Q1 2025

- Other income decrease by $39,367 due to minimal interest on cash since the Company had limited cash during Q1 2025.

- Accretion interest on debentures decreased by $392,862 to a lower accretion interest rates applied to Q1 2025 outstanding debentures. The higher accretion interest rates for Q1 2024 were due to higher amounts of initial convertible debenture balance being bifurcated to derivative liabilities, creating a lower opening convertible debenture balance and higher accretion interest rate.

Liquidity and Capital Resources

The Company's primary need for liquidity is to fund working capital requirements, capital expenditures, and for general corporate purposes. The Company's ability to fund operations and make planned capital expenditures and debt service obligations depends on future operating performance and cash flows, which are subject to prevailing economic conditions, financial markets, business and other factors. We have recorded a net loss of $145,455 for the three months ended March 31, 2025. We have recorded an accumulated deficit of $60,927,574 as of March 31, 2025 and $60,782,119 as of December 31, 2024. Net cash used in operating activities for the three months ended March 31, 2025 and March 31, 2024 was $2,172,409 and $1,309,334 respectively.

The Company held $1,351,983 in cash as at March 31, 2025 as compared to $489,868 as at December 31, 2024.

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

- the cost and timing of our regulatory activities, especially the process to obtain regulatory approval for our intellectual properties in the U.S. and in foreign countries;
- the costs of R&D activities we undertake to further develop our technology;
- the costs of constructing our grow houses, including any impact of complications, delays, and other unknown events;
- the costs of commercialization activities, including sales, marketing and production;
- the 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 the 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 three months ended March 31, 2025 was $2,172,409 compared to $1,309,334 for the three months ended March 31, 2024. The decrease of $1,511,408 was primarily due to the following:

- Increase in cash flow adjustments of $143,134 for share based compensation due to share compensation offer to CEO and Chairman of the Company.
- Decrease in prepaid expenses and other current assets used in operating activities of $335,358.
- Increase in accounts payable and accrued liabilities of $193,506 due to delays in paying bills, AP turnover slowed.

- Decrease in net loss of $3,182,245 due to operating expenses and other income (expense) noted above.
- Non-cash change in fair value of derivative liabilities improved by $3,000,680 due to (1) the draw down as well as the extinguishment of conversion feature derivatives as a result of significant conversions of several tranches of debentures, and (2) the Company's stock price stabilizing during the period between, resulting in the smaller revaluation adjustment as at March 31, 2025
- Decrease in loss on debt extinguishment cash adjustment by $295,049 as a result of unscheduled conversions of debentures into the Company's common shares which triggered extinguishments of debt due to the change of the fair value of the debt after the conversions.
- Improvement in (gain) loss on conversion of convertible debt cash adjustment by $359,295 due to a significant amount of unscheduled conversions that resulted in shares issued at a higher premium above the exercise price compared to shares issued during the six months ended March 31, 2024.

Net cash used in investing activities was $4,765,000 for cash consideration paid for the Bald Eagle Bitcoin Mining Acquisition.

Net cash provided by financing activities for the three months ended March 31, 2025, represents net proceeds from debentures of $8,188,000 and repayments of convertible debentures $110,000. Net cash provided by financing activities for the three months ended March 31, 2024, represents net proceeds from debentures of $1,000,000. This was partially offset by repayments on convertible debentures of $668,568, financing costs of debentures of $50,000.

Recent Financings

On February 21, 2024, a Debenture Investor purchased an additional tranche totaling $1,100,000 in convertible debentures and received 33,411 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $21.40 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 $21.40.

On April 11, 2024, a Debenture Investor purchased an additional tranche totaling $550,000 in convertible debentures and received 21,933 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $16.30 and $18.00, respectively and expire on October 11, 2027. The issuance of the additional tranche triggered the down round provision, adjusting the conversion prices of the First, Second, Third, Fourth and Fifth Tranche Debentures and the exercise prices of the First, Second, Third, Fourth and Fifth Tranche Warrants to $16.30.

On May 22, 2024, a Debenture Investor purchased an additional tranche totaling $833,000 in convertible debentures and received 54,145 warrants. The convertible debentures and debenture warrants were issued with an exercise price of $10.00 and $11.00, respectively and expire on November 22, 2027. The issuance of the additional tranche triggered the down round provision, adjusting the conversion prices of the First, Second, Third, Fourth, Fifth and Six Tranche Debentures and the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $10.00.

On October 15, 2024, 160,000 shares were sold to two institutional investors at a price per share of $5.00 per share for total proceeds of $800,000. The Shares were registered pursuant to a prospectus supplement on Form 424(b)(4) (to the Registrant's Prospectus, Registration No. 333-266722, dated August 18, 2022) filed with the SEC on the same day. Each institutional investor ("Purchaser") is entering into a securities purchase agreement for $400,000 or 80,000 common shares at $5.00 per share. Pursuant to those agreements, the Right of Participation held by Purchaser under Section 4.12 of that certain Securities Purchase Agreement dated June 30, 2022 between the Company and the Purchaser is hereby extended to and including December 31, 2025. If the Company shall sell any shares of its Common Stock pursuant to any at-the-market offering or equity line of credit (however denominated), the Company shall use 25% of the net proceeds from any such sales to repay the principal on any outstanding Debentures (as such term is defined in the June 30, 2022 Securities Purchase Agreement) in accordance with the terms of such Debentures.

From November 7, 2024 through November 13, 2024, the Company issued shares for cash under its at-the-market offering ("ATM"). In total 376,863 shares were issued for gross proceeds of $2,116,741.

On January 16, 2025, the Company entered into security purchase agreements with certain accredited investors for the purchase of $7,700,000 in convertible debentures (the "January 2025 debentures") due January 16, 2026. The Debentures were convertible into common shares at $2.62 per share. The Convertible Debt Investors had the right to purchase additional tranches up to a total additional principal amount of $42,300,000. In addition, the accredited investors received 1,910,306 warrants at a strike price of $2.882 which expire on July 16, 2028 (the "January 2025 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. The issuance of the additional tranche triggered the down round provision, adjusting the conversion prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Debentures and the exercise prices of the First, Second, Third, Fourth, Fifth and Sixth Tranche Warrants to $2.62.

On March 21, 2025, Investors purchased an additional tranche of debt of $1,320,000 with a 10% original issue discount for gross proceeds of $1,188,000 (the "March 2025 Debentures") due March 21, 2026. The Debentures were convertible into common shares at $1.99 per share and the Investors received an additional 431,159 warrants at a strike price of $1.99 (the "March 2025 Debenture Warrants"). The Debenture Warrants and Debentures each have round down provisions whereby the conversion and strike prices will be adjusted downward if the Company issues equity instruments at lower prices. The issuance of the additional tranche triggered the round down provision, adjusting the exercise price of the First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Tranche Debentures and First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Tranche Warrants to $1.99.

On April 22, 2025, an Investor purchased a promissory note of $290,000. The promissory note has an original issue discount of $40,000 and a one-time interest charge of 12% ($34,800).

Off Balance Sheet Arrangements

None.

Significant Accounting Policies

See the footnotes to our unaudited financial statements for the three months ended March 31, 2025 and 2024, included with this quarterly report.

Item 3. 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 4. Controls and Procedures

Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2025. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework in the 2013 COSO framework. Based on this assessment, management concluded that our disclosure controls and procedures were effective.

Changes in Internal Controls.

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on Effectiveness of Controls and Procedures

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Note 17 to the unaudited condensed consolidated financial statements included under Part I, Item 1 of this report.

Item 1A. Risk Factors

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

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

The Company had the following sales of unregistered securities during the three months ended March 31, 2025:

On January 16, 2025, investors purchased $7,700,000 in convertible debentures. The convertible debt and warrants were issued with an exercise price of $2.62 and $2.882 respectively. The issuance of the additional tranche triggered the round down provision, adjusting the exercise prices of the First, Second, Third, Fourth, Fifth, Sixth, and Seventh Tranche Debentures and the First, Second, Third, Fourth, Fifth, Sixth, and Seventh Tranche Warrants to $2.62.

On March 21, 2025, investors purchased $1,320,000 in convertible debentures. The convertible debt and warrants were issued with an exercise price of $1.99. The issuance of the additional tranche triggered the round down provision, adjusting the exercise prices of the First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Tranche Debentures and the First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Tranche Warrants to $1.99.

Critical Accounting Estimates

We are not aware of any material changes to our critical accounting estimates set forth under the caption “Critical Accounting Estimates” in Part II, Item 7 of of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on April 7, 2025, (our “Annual Report”), which is incorporated herein by reference, as well as in the other public filings we make with the U.S. Securities and Exchange Commission (the “SEC”).

Recent Accounting Pronouncements

See Note 2 – Summary of Significant Accounting Policies to our Condensed Consolidated Financial Statements for a discussion of recent accounting standards and pronouncements.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

* Furnished herewith
** Filed herein

SIGNATURES

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

	AGRIFORCE GROWING SYSTEMS, LTD.	
Date: May 15, 2025	By:	*/s/ Jolie Kahn*
	Name:	Jolie Kahn
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: May 15, 2025	By:	*/s/ Chris Polimeni*
	Name:	Chris Polimeni
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

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

I, Jolie Kahn, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: May 15, 2025

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

Exhibit 31.2

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

I, Chris Polimeni, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: May 15, 2025

By: */s/ Chris Polimeni*
Chris Polimeni
Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

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

About the Quarterly Report of AgriFORCE Growing Systems, Ltd. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jolie Kahn, Executive Consultant (Principal Executive Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 15, 2025	By: */s/ Jolie Kahn*
	Jolie Kahn
	Chief Executive Officer (Principal Executive Officer)

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

Exhibit 32.2

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

About the Quarterly Report of AgriFORCE Growing Systems, Ltd. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Chris Polimeni, Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 15, 2025

By: */s/ Chris Polimeni*
Chris Polimeni
Chief Financial Officer (Principal Financial and Accounting Officer)

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