



Draganfly Inc.

Condensed Consolidated Interim Financial Statements - Unaudited

For the Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

Draganfly Inc.
Condensed Consolidated Interim Statements of Financial Position - Unaudited
Expressed in Canadian Dollars

| As at | Notes | June 30, 2023 | December 31, 2022 |
|---|-------|----------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | \$ 6,721,124 | \$ 7,894,781 |
| Receivables | 5 | 1,008,288 | 2,088,965 |
| Inventory | 6 | 1,643,985 | 1,055,942 |
| Note receivable | 7 | 115,850 | 169,300 |
| Prepays and Deposits | 8 | 1,348,290 | 2,307,724 |
| | | 10,837,537 | 13,516,712 |
| | | | |
| Equipment | 10 | 453,196 | 404,691 |
| Intangible assets | 11 | 161,822 | 179,801 |
| Investments | 9 | 289,543 | 192,583 |
| Right of use assets | 12 | 920,524 | 344,746 |
| TOTAL ASSETS | | \$ 12,662,622 | \$ 14,638,533 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Trade payables and accrued liabilities | 14 | \$ 2,605,434 | \$ 2,816,676 |
| Customer deposits | | 112,404 | 194,758 |
| Deferred income | 15 | 15,888 | 63,690 |
| Loans payable | 16 | 84,085 | 81,512 |
| Derivative liability | 17 | - | 57,314 |
| Lease liabilities | 13 | 493,885 | 133,962 |
| | | 3,311,696 | 3,347,912 |
| | | | |
| Non-current Liabilities | | | |
| Loans payable | 16 | 1,686 | 5,059 |
| Lease liabilities | 13 | 600,840 | 244,681 |
| TOTAL LIABILITIES | | 3,914,222 | 3,597,652 |
| | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 17 | 94,821,614 | 83,600,089 |
| Reserve – share-based payments | 17 | 7,738,141 | 7,264,340 |
| Accumulated deficit | | (93,953,136) | (79,976,546) |
| Accumulated other comprehensive income (loss) | | 141,781 | 152,998 |
| TOTAL SHAREHOLDERS' EQUITY | | 8,748,400 | 11,040,881 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 12,662,622 | \$ 14,638,533 |

Nature and Continuance of Operations (Note 1)
Subsequent Event (Note 7, 22)

Approved and authorized for issuance by the Board of Directors on August 9, 2023.

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

Draganfly Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity - Unaudited
Expressed in Canadian Dollars

| | | For the three months ended | | For the six months ended | |
|---|-------|----------------------------|--------------------|--------------------------|---------------------|
| | | June 30, 2023 | June 30, 2022 | June 30, 2023 | June 30, 2022 |
| Sales of goods | 18 | \$ 1,581,358 | \$ 1,532,984 | \$ 2,962,174 | \$ 3,170,700 |
| Provision of services | 18 | 317,681 | 837,131 | 538,351 | 1,243,977 |
| TOTAL REVENUE | | 1,899,039 | 2,370,115 | 3,500,525 | 4,414,677 |
| COST OF SALES | 6 | (1,431,922) | (1,356,526) | (2,589,974) | (2,584,938) |
| GROSS PROFIT | | 467,117 | 1,013,589 | 910,551 | 1,829,739 |
| OPERATING EXPENSES | | | | | |
| Amortization | 11 | \$ 8,990 | \$ 44,606 | \$ 17,979 | \$ 89,146 |
| Depreciation | 10,12 | 166,737 | 44,860 | 224,243 | 92,007 |
| Director fees | 20 | 151,577 | 107,778 | 303,240 | 215,224 |
| Insurance | | 508,424 | 1,445,359 | 1,006,430 | 2,904,124 |
| Office and miscellaneous | 19 | 1,437,404 | 1,472,913 | 4,238,056 | 3,080,750 |
| Professional fees | | 1,573,887 | 2,068,860 | 2,421,074 | 2,942,500 |
| Research and development | | 555,460 | 204,057 | 1,348,684 | 518,497 |
| Share-based payments | 17,20 | 478,915 | 230,178 | 1,019,478 | 873,503 |
| Travel | | 204,324 | 119,132 | 293,586 | 195,604 |
| Wages and salaries | 20 | 2,148,317 | 1,438,702 | 3,969,398 | 2,438,909 |
| | | (7,234,035) | (7,176,445) | (14,842,168) | (13,350,264) |
| OTHER INCOME (EXPENSE) | | | | | |
| Change in fair value of derivative liability | 17 | - | 6,094,438 | 57,314 | 4,863,578 |
| Finance and other gain | | 10,891 | 7,519 | 46,752 | 21,667 |
| Foreign exchange gain (loss) | | (174,919) | 550,246 | (193,075) | 163,306 |
| Gain (loss) on disposal of assets | | (5,508) | - | 15,695 | (10,755) |
| Gain on recovery of notes receivable | 7 | - | - | - | 771,260 |
| Government income | | 1,297 | - | 2,572 | 2,573 |
| Other income (expense) | | 26,193 | (14,032) | 25,769 | (20,124) |
| | | \$ (142,046) | \$ 6,638,171 | \$ (44,973) | \$ 5,791,505 |
| NET INCOME (LOSS) | | \$ (6,908,964) | \$ 475,315 | \$ (13,976,590) | \$ (5,729,020) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Foreign exchange translation | | (21,775) | 192,484 | (108,177) | 137,574 |
| Items that will not be reclassified to profit or loss | | | | | |
| Change in fair value of equity investments at FVOCI | 9 | 39,927 | (27,475) | 96,960 | (60,724) |
| COMPREHENSIVE INCOME (LOSS) | | (6,890,812) | 640,324 | (13,987,807) | (5,652,170) |
| Net Income (Loss) per share – Basic & diluted | | \$ (0.16) | \$ 0.01 | \$ (0.36) | \$ (0.17) |
| Weighted average number of common shares outstanding – Basic & diluted | | 43,195,602 | 33,205,547 | 38,965,859 | 33,195,758 |

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

Draganfly Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity - Unaudited
Expressed in Canadian Dollars

| | | | | | | Accumulated Other Comprehensive Income (Loss) | | |
|---|---------------------|----------------------|--|------------------------|--|---|----------------------------------|--|
| | Number of Shares | Share Capital | Reserve – Share- Based Payments | Accumulated Deficit | Change in Fair Value of Investments at FVTOCI | Exchange Differences on Translation of Foreign Operations | Total Shareholders' Equity | |
| Balance at December 31, 2021 | 33,168,946 | \$ 81,038,365 | \$ 6,406,117 | \$ (52,322,182) | \$ (332,640) | \$ 136,579 | \$ 34,926,239 | |
| Shares issued for exercise of stock options | 12,500 | 51,875 | (25,000) | - | - | - | 26,875 | |
| Shares issued for exercise of warrants | 16,538 | 74,227 | - | - | - | - | 74,227 | |
| Shares issued for the exercise of RSUs | 11,666 | 65,912 | (65,912) | - | - | - | - | |
| Share issue costs | - | (5,122) | - | - | - | - | (5,122) | |
| Share-based payments | - | - | 873,504 | - | - | - | 873,504 | |
| Net loss | - | - | - | (5,729,020) | - | - | (5,729,020) | |
| Change in fair value of equity investments at FVOCI | - | - | - | - | (60,724) | - | (60,724) | |
| Translation of foreign operations | - | - | - | - | - | 137,574 | 137,574 | |
| Balance at June 30, 2022 | 33,209,650 | \$ 81,225,257 | \$ 7,188,709 | \$ (58,051,202) | \$ (393,364) | \$ 274,153 | \$ 30,243,553 | |
| Shares issued for exercise of warrants | - | 12,943 | - | - | - | - | 12,943 | |
| Shares issued for the exercise of RSUs | 1,060,929 | 2,361,889 | (2,361,889) | - | - | - | - | |
| Share-based payments | - | - | 2,437,520 | - | - | - | 2,437,520 | |
| Net loss | - | - | - | (21,925,344) | - | - | (21,925,344) | |
| Change in fair value of equity investments at FVOCI | - | - | - | - | (37,759) | - | (37,759) | |
| Translation of foreign operations | - | - | - | - | - | 309,968 | 309,968 | |
| Balance at December 31, 2022 | 34,270,579 | \$ 83,600,089 | \$ 7,264,340 | \$ (79,976,546) | \$ (431,123) | \$ 584,121 | \$ 11,040,881 | |
| Shares issued for financing – ATM (“At – the – market”) | 650,729 | 1,748,946 | - | - | - | - | 1,748,946 | |
| Share issue costs | - | (222,136) | - | - | - | - | (222,136) | |
| Shares issued for financing | 8,000,000 | 10,856,166 | - | - | - | - | 10,856,166 | |
| Share issue costs | - | (1,707,128) | - | - | - | - | (1,707,128) | |
| Shares issued for the exercise of RSUs | 418,654 | 545,677 | (545,677) | - | - | - | - | |
| Share-based payments | - | - | 1,019,478 | - | - | - | 1,019,478 | |
| Net loss | - | - | - | (13,976,590) | - | - | (13,976,590) | |
| Change in fair value of equity investments at FVOCI | - | - | - | - | 96,960 | - | 96,960 | |
| Translation of foreign operations | - | - | - | - | - | (108,177) | (108,177) | |
| Balance at June 30, 2023 | 43,339,962 | \$ 94,821,614 | \$ 7,738,141 | \$ (93,953,136) | \$ (334,163) | \$ 475,944 | \$ 8,748,400 | |

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

Draganfly Inc.
Condensed Consolidated Interim Statements of Cash Flows - Unaudited
Expressed in Canadian Dollars

| | For the six months ended June 30, | |
|---|-----------------------------------|----------------------|
| | 2023 | 2022 |
| OPERATING ACTIVITIES | | |
| Net loss | \$ (13,976,590) | \$ (5,729,020) |
| Adjustments for: | | |
| Amortization | 17,979 | 89,146 |
| Depreciation | 224,243 | 92,007 |
| Impairment of accounts receivable | 198,513 | - |
| Change in fair value of derivative liability | (57,314) | (4,863,578) |
| Impairment of inventory | 199,647 | - |
| Gain on recovery of notes receivable | - | (771,260) |
| Finance and other costs | 2,573 | 4,607 |
| Gain on disposal of assets | (15,695) | - |
| Income from government assistance | - | (2,572) |
| Share-based payments | 1,019,478 | 873,503 |
| | (12,387,166) | (10,307,167) |
| Net changes in non-cash working capital items: | | |
| Receivables | 882,164 | (391,620) |
| Inventory | (787,690) | (104,637) |
| Prepays | 959,434 | 3,196,920 |
| Trade payables and accrued liabilities | (208,099) | 256,093 |
| Customer deposits | (82,354) | (74,390) |
| Deferred income | (47,802) | (12,635) |
| Cash used in operating activities | (11,671,513) | (7,437,436) |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (134,605) | (33,501) |
| Disposal of equipment | 45,774 | 10,755 |
| Repayment of notes receivable | 50,307 | 450,000 |
| Cash provided by (used in) investing activities | (38,524) | 427,254 |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of common shares for financing | 12,605,112 | - |
| Share issue costs | (1,929,264) | (5,122) |
| Proceeds from issuance of common shares for warrants exercised | - | 74,227 |
| Proceeds from issuance of common shares for stock options exercised | - | 26,875 |
| Repayment of loans | (3,373) | (3,374) |
| Repayment of lease liabilities | (27,918) | (73,865) |
| Cash provided by (used in) financing activities | 10,644,557 | 18,741 |
| Effects of exchange rate changes on cash | (108,177) | 137,574 |
| Change in cash | (1,065,480) | (6,991,441) |
| Cash and cash equivalents, beginning of year | 7,894,781 | 23,075,713 |
| Cash and cash equivalents, end of period | \$ 6,721,124 | \$ 16,221,846 |
| SUPPLEMENTARY CASH FLOW DISCLOSURE | | |
| Interest paid | \$ 49,021 | \$ 24,240 |

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Draganfly Inc. (the “Company”) was incorporated on June 1, 2018 under the Business Corporations Act (British Columbia). The Company creates quality, cutting-edge unmanned and remote data collection and analysis platforms and systems that are designed to revolutionize the way companies do business. The Company’s shares trade on the Canadian Securities Exchange (the “CSE”), on the Nasdaq Capital Market (the “Nasdaq”) under the symbol “DPRO” and on the Frankfurt Stock Exchange under the symbol “3U8”. The Company’s head office is located at 2108 St. George Avenue, Saskatoon, SK, S7M 0K7 and its registered office is located at 2800 – 666 Burrard Street, Vancouver, BC, V6C 2Z7.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. To date, the Company has not been profitable and has an accumulated deficit of \$93,953,136. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed consolidated interim financial statements include all necessary disclosures required from interim financial statements but do not include all disclosures required for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2022.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 9, 2023.

Basis of consolidation

Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The condensed consolidated interim financial statements include the accounts and results of operations of the Company and its wholly owned subsidiaries listed in the following table:

| Name of Subsidiary | Place of Incorporation | Ownership Interest |
|---------------------------------|-------------------------------|---------------------------|
| Draganfly Innovations Inc. | Canada | 100% |
| Draganfly Innovations USA, Inc. | US | 100% |
| Dronelogs Systems Inc. | Canada | 100% |

All intercompany balances and transactions were eliminated on consolidation.

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS

These condensed consolidated interim financial statements have been prepared following the same accounting principles and methods of computation as in outlined in the Company's consolidated financial statements for the year ended December 31, 2022. A description of the accounting standards and interpretations that have been adopted by the Company can be found in the notes of the annual financial statements for the year ended December 31, 2022.

The preparation of the condensed consolidated interim financial statements requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These condensed consolidated interim financial statements include estimates, which by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. As such, actual results may differ from estimates and the effect of such differences may be material. Significant estimates and judgements used in the preparation of these condensed consolidated interim financial statements remained unchanged from those disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2022.

4. CASH AND CASH EQUIVALENTS

| As at | June 30, 2023 | | December 31, 2022 | |
|------------------------------------|----------------------|------------------|--------------------------|------------------|
| Cash held in banks | \$ | 6,721,124 | \$ | 7,500,607 |
| Guaranteed investment certificates | | - | | 394,174 |
| | \$ | 6,721,124 | \$ | 7,894,781 |

5. RECEIVABLES

| As at | June 30, 2023 | | December 31, 2022 | |
|---------------------------|----------------------|------------------|--------------------------|------------------|
| Trade accounts receivable | \$ | 972,709 | \$ | 1,343,795 |
| Sales tax receivable | | 35,579 | | 745,170 |
| | \$ | 1,008,288 | \$ | 2,088,965 |

During the six months ended June 30, 2023, the Company recorded a provision for doubtful accounts of \$198,513.

6. INVENTORY

| As at | June 30, 2023 | | December 31, 2022 | |
|----------------|----------------------|------------------|--------------------------|------------------|
| Finished goods | \$ | 996,241 | \$ | 542,934 |
| Parts | | 647,744 | | 513,008 |
| | \$ | 1,643,985 | \$ | 1,055,942 |

During the three and six months ended June 30, 2023, \$1,259,183 (2022 - \$1,085,783) and \$2,272,064 (2022 - \$2,247,294) of inventory was recognized in cost of sales respectively including an allowance to value its inventory for obsolete and slow-moving inventory of \$77,047 (2022 - \$nil) and \$199,647 (2022 - \$nil) respectively.

Cost of sales consist of the following:

| For the six months ended | June 30, 2023 | | June 30, 2022 | |
|---------------------------------|----------------------|------------------|----------------------|------------------|
| Inventory | \$ | 2,272,064 | \$ | 2,247,294 |
| Consulting and services | | 215,801 | | 323,654 |
| Other | | 102,109 | | 13,990 |
| | \$ | 2,589,974 | \$ | 2,584,938 |

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

7. NOTE RECEIVABLE

| | | |
|-------------------------------------|----|----------------|
| Balance at December 31, 2022 | \$ | 169,300 |
| Repayments | | (50,307) |
| Foreign exchange | | (3,143) |
| Balance at June 30, 2023 | | 115,850 |

Note 1 was issued on April 4, 2021, is non-interest bearing and is secured by intellectual property. This note is measured at fair value through profit or loss. The face value of the note was \$150,000 USD and the original maturity date was October 21, 2022. The note was partially paid by the maturity date and a further \$50,307 was paid during the six months ended June 30, 2023.

Subsequent to the period ending June 30, 2023, the parties mutually agreed to extend the maturity date whereby a partial repayment of \$5,000 USD was to be paid August 30th, 2023 and \$82,500 USD the remaining balance was to be paid September 30th, 2023. During the six months ended June 30, 2022, a note receivable that has been subsequently fully paid had an impairment recovery of \$771,260 after the parties agreed on a repayment plan.

8. PREPAIDS AND DEPOSITS

| As at | June 30, 2023 | December 31, 2022 |
|----------------------------|---------------|-------------------|
| Insurance | \$ 291,745 | \$ 1,148,455 |
| Prepaid interest | 1,349 | 1,889 |
| Prepaid marketing services | 244,934 | 733,417 |
| Prepaid rent | 40,277 | 12,485 |
| Prepaid subscriptions | 16,235 | 29,194 |
| Deposits | 753,750 | 382,284 |
| | \$ 1,348,290 | \$ 2,307,724 |

9. INVESTMENTS

| | | |
|---------------------------------|-----------|----------------|
| Balance at December 31, 2022 | \$ | 192,583 |
| Change in fair value | | 96,960 |
| Balance at June 30, 2023 | \$ | 289,543 |

Fair value of investments is comprised of:

| | | |
|---------------------------------|-----------|----------------|
| Public company shares | \$ | 157,143 |
| Private company shares | | 132,400 |
| Balance at June 30, 2023 | \$ | 289,543 |

On March 10, 2021, the Company purchased 1,428,571 units of a publicly listed company for \$500,000. Each unit is comprised of one common share and one warrant. The warrants have an exercise price of \$0.50 each and convert to one common share, and expired on March 17, 2023. The fair values of these warrants were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

| As at | December 31, 2022 |
|-------------------------|-------------------|
| Risk free interest rate | 4.07% |
| Expected volatility | 116.00% |
| Expected life | 0.21 years |
| Expected dividend yield | 0% |

On October 27, 2021, the Company purchased 50,000 common shares of a private company for USD\$100,000. The Company considers if observable market data exists on a quarterly basis to value the investment. Since inception, the Company has not had any adjustments to the fair value of the investment based on observable market data.

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

10. EQUIPMENT

| | Computer Equipment | Furniture and Equipment | Leasehold Improvements | Software | Vehicles | Total |
|---------------------------------|-----------------------|----------------------------|---------------------------|-------------|------------------|---------------------|
| Cost | | | | | | |
| Balance at December 31, 2021 | \$ 54,110 | \$ 342,472 | \$ 4,352 | \$ 29,967 | \$ 36,033 | \$ 466,934 |
| Additions | 60,240 | 528,080 | - | - | - | 588,320 |
| Disposals | (18,688) | (36,099) | (4,352) | (29,967) | - | (89,106) |
| Balance at December 31, 2022 | 95,662 | 834,453 | - | - | 36,033 | 966,148 |
| Additions | 15,602 | 99,127 | - | - | 19,876 | 134,605 |
| Disposals | (8,658) | (75,437) | - | - | - | (84,095) |
| Balance at June 30, 2023 | \$ 102,606 | \$ 858,143 | \$ - | \$ - | \$ 55,909 | \$ 1,016,658 |
| Accumulated depreciation | | | | | | |
| Balance at December 31, 2021 | \$ 25,291 | \$ 102,277 | \$ 4,352 | \$ 24,737 | \$ 13,234 | \$ 169,891 |
| Charge for the year | 32,627 | 433,855 | - | - | 3,435 | 469,917 |
| Disposals | (15,920) | (33,342) | (4,352) | (24,737) | - | (78,351) |
| Balance at December 31, 2022 | 41,998 | 502,790 | - | - | 16,669 | 561,457 |
| Charge for the period | 8,868 | 43,751 | - | - | 3,402 | 56,021 |
| Disposals | (3,150) | (50,866) | - | - | - | (54,016) |
| Balance at June 30, 2023 | \$ 47,716 | \$ 495,675 | \$ - | \$ - | \$ 20,071 | \$ 563,462 |
| Net book value: | | | | | | |
| December 31, 2022 | \$ 53,664 | \$ 331,663 | \$ - | \$ - | \$ 19,364 | \$ 404,691 |
| June 30, 2023 | \$ 54,890 | \$ 362,468 | \$ - | \$ - | \$ 35,838 | \$ 453,196 |

11. INTANGIBLE ASSETS AND GOODWILL

| | Patents | Customer Relationships | Brand | Software ⁽¹⁾ | Goodwill | Total |
|---|------------------|---------------------------|-------------|-------------------------|--------------|-------------------|
| Cost | | | | | | |
| Balance at December 31, 2021 | \$ 41,931 | \$ 197,000 | \$ 23,000 | \$ 552,000 | \$ 5,940,409 | \$ 6,754,340 |
| Additions | - | - | - | 4,684 | - | 4,684 |
| Foreign exchange translation | - | - | 1,571 | 29,576 | 257,782 | 288,929 |
| Impairment | - | - | (24,571) | (462,577) | (6,198,191) | (6,685,339) |
| Balance at December 31, 2022 and June 30, 2023 | \$ 41,931 | \$ 197,000 | \$ - | \$ 123,683 | \$ - | \$ 362,614 |
| Accumulated amortization | | | | | | |
| Balance at December 31, 2021 | \$ 41,931 | \$ 60,414 | \$ 3,450 | \$ 114,235 | \$ - | \$ 220,030 |
| Charge for the year | - | 27,317 | 4,719 | 147,446 | - | 179,482 |
| Foreign exchange translation | - | - | 431 | 13,295 | - | 13,726 |
| Impairment | - | - | (8,600) | (221,825) | - | (230,425) |
| Balance at December 31, 2022 | 41,931 | 87,731 | - | 53,151 | - | 182,813 |
| Charge for the period | - | 10,926 | - | 7,053 | - | 17,979 |
| Balance at June 30, 2023 | \$ 41,931 | \$ 98,657 | \$ - | \$ 60,204 | \$ - | \$ 200,792 |
| Net book value: | | | | | | |
| December 31, 2022 | \$ - | \$ 109,269 | \$ - | \$ 70,532 | \$ - | \$ 179,801 |
| June 30, 2023 | \$ - | \$ 98,343 | \$ - | \$ 63,479 | \$ - | \$ 161,822 |

(1) Software acquired via acquisition of Vital and Dronelogs.

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

12. RIGHT OF USE ASSETS

| | Vehicles | | Buildings | | Land | Total |
|---------------------------------|----------|---------|-----------|-----------|------------|-----------|
| Cost | | | | | | |
| Balance at December 31, 2021 | \$ | 11,921 | \$ | 456,185 | \$ - | 468,106 |
| Depreciation | | (9,536) | | (113,824) | - | (123,360) |
| Balance at December 31, 2022 | \$ | 2,385 | \$ | 342,361 | \$ - | 344,746 |
| Additions | \$ | | \$ | 331,451 | \$ 412,549 | 744,000 |
| Depreciation | | (2,385) | | (56,911) | (108,926) | (168,222) |
| Balance at June 30, 2023 | \$ | - | \$ | 616,901 | \$ 303,623 | 920,524 |

The Company added two new leases during the six months ended June 30, 2023. A lease for land in the amount of \$412,549 with an expiration date of December 31, 2024, and another lease for a facility in the amount of \$331,451 with an expiration date of September 30, 2028. The Company has five leases with expiration dates of December 31, 2023, December 31, 2024, May 31, 2026, January 31, 2027, and September 30, 2028

13. LEASE LIABILITIES

The Company leases certain assets under lease agreements. The lease liabilities consist of leases of facilities and vehicles with terms ranging from one to five years. The leases are calculated using incremental borrowing rates ranging from 7.5% to 13.25%. Extension options are included in a majority of the leases with options that are only exercisable by the Company and not the other party.

| As at | Total |
|---------------------------------|---------------------|
| Balance at December 31, 2021 | \$ 489,123 |
| Interest expense | 39,795 |
| Lease payments | (150,275) |
| Balance at December 31, 2022 | 378,643 |
| Additions | 744,000 |
| Interest expense | 49,054 |
| Lease payments | (76,972) |
| Balance at June 30, 2023 | \$ 1,094,725 |

Which consists of:

| | June 30, 2023 | December 31, 2022 |
|-----------------------------|---------------------|-------------------|
| Current lease liability | \$ 493,885 | \$ 133,962 |
| Non-current lease liability | 600,840 | 244,681 |
| Ending balance | \$ 1,094,725 | \$ 378,643 |

| Maturity analysis | Total |
|--------------------------------------|---------------------|
| Less than one year | \$ 543,895 |
| One to three years | 465,170 |
| Four to five years | 214,803 |
| Total undiscounted lease liabilities | 1,223,868 |
| Amount representing interest | (129,143) |
| | \$ 1,094,725 |

14. TRADE PAYABLES AND ACCRUED LIABILITIES

| As at | June 30, 2023 | December 31, 2022 |
|--------------------------|---------------------|---------------------|
| Trade accounts payable | \$ 346,075 | \$ 751,422 |
| Accrued liabilities | 2,225,650 | 2,031,545 |
| Government grant payable | 33,709 | 33,709 |
| | \$ 2,605,434 | \$ 2,816,676 |

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

15. DEFERRED INCOME

At times, the Company may take payment in advance for services to be rendered. These amounts are held and recognized as services are rendered.

| As at | June 30, 2023 | | December 31, 2022 | |
|---------------------------------|----------------------|---------------|--------------------------|--------|
| Deferred income from customers | \$ | 13,227 | \$ | 58,457 |
| Deferred income from government | | 2,661 | | 5,233 |
| | \$ | 15,888 | \$ | 63,690 |

16. LOANS PAYABLE

| As at | June 30, 2023 | | December 31, 2022 | |
|----------------------------|----------------------|----------------|--------------------------|---------|
| Opening balance | \$ | 86,571 | \$ | 93,317 |
| Fair value adjustment | | - | | (4,891) |
| Repayment of loans payable | | (3,373) | | (6,746) |
| Accretion expense | | 2,573 | | 4,891 |
| Ending balance | \$ | 85,771 | \$ | 86,571 |

Which consists of:

| | June 30, 2023 | | December 31, 2022 | |
|---------------------------|----------------------|---------------|--------------------------|--------|
| Current loans payable | \$ | 84,085 | \$ | 81,512 |
| Non-current loans payable | | 1,686 | | 5,059 |
| Ending balance | \$ | 85,771 | \$ | 86,571 |

| | Start Date | Maturity Date | Rate | Carrying Value | |
|--------------|-------------------|----------------------|-------------|-----------------------|--------------------------|
| | | | | June 30, 2023 | December 31, 2022 |
| CEBA | 2020-05-19 | 2023-12-31 | 0% | \$ 38,669 | \$ 37,383 |
| CEBA | 2021-04-23 | 2023-12-31 | 0% | 38,669 | 37,383 |
| Vehicle loan | 2019-08-30 | 2024-09-11 | 6.99% | 8,433 | 11,805 |
| Total | | | | \$ 85,771 | \$ 86,571 |

The CEBA loans are unsecured, and the vehicle loan is secured by the vehicle.

17. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the six months ended June 30, 2023,

- The Company issued 418,654 common shares for the vesting of restricted share units.
- The Company issued 8,000,000 common shares in a financing for \$10,856,166 with share issuance costs of \$1,707,128 for net proceeds of \$9,149,038; and
- The Company issued 650,729 common shares in an ATM ("At – the - market") financing for \$1,748,946 with share issuance costs of \$222,136 for net proceeds of \$1,526,810.

During the year ended December 31, 2022,

- The Company issued 16,538 common shares for the exercise of warrants for \$87,170 with share issuance costs of \$5,122 for net proceeds of \$82,048.
- The Company issued 12,500 common shares for the exercise of stock options for \$26,875; and
- The Company issued 1,072,595 common shares for the vesting of restricted share units.

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

17. SHARE CAPITAL (CONT'D)

Stock Options

The Company has adopted an incentive share compensation plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees, and technical consultants to the Company, non-transferable stock options to purchase common shares. The total number of common shares reserved and available for grant and issuance pursuant to this plan shall not exceed 20% (in the aggregate) of the issued and outstanding common shares from time to time. The number of options awarded and underlying vesting conditions are determined by the Board of Directors in its discretion.

As at June 30, 2023, the Company had the following options outstanding and exercisable:

| Grant Date | Expiry Date | Exercise Price | Remaining Contractual Life (years) | Number of Options Outstanding | Number of Options Exercisable |
|-------------------|--------------------|-----------------------|---|--------------------------------------|--------------------------------------|
| October 30, 2019 | October 30, 2029 | \$ 2.50 | 6.34 | 286,665 | 286,665 |
| November 19, 2019 | November 19, 2029 | \$ 2.50 | 6.39 | 50,000 | 50,000 |
| April 30, 2020 | April 30, 2030 | \$ 2.50 | 6.84 | 85,000 | 85,000 |
| April 30, 2020 | April 30, 2030 | \$ 3.85 | 6.84 | 110,000 | 110,000 |
| July 3, 2020 | July 3, 2025 | \$ 3.20 | 2.01 | 100,000 | 100,000 |
| November 24, 2020 | November 24, 2030 | \$ 2.50 | 7.41 | 32,000 | 32,000 |
| February 2, 2021 | February 2, 2031 | \$ 13.20 | 7.60 | 30,000 | 20,000 |
| March 8, 2021 | March 8, 2026 | \$ 13.90 | 2.69 | 10,000 | 10,000 |
| April 27, 2021 | April 27, 2031 | \$ 10.15 | 7.83 | 146,000 | 48,660 |
| September 9, 2021 | September 9, 2026 | \$ 4.84 | 3.20 | 25,826 | 8,608 |
| | | | | 875,491 | 750,933 |

| | Number of Options | Weighted Average Exercise Price |
|-----------------------------------|--------------------------|--|
| Outstanding, December 31, 2021 | 1,035,991 | \$ 4.60 |
| Exercised | (12,500) | 2.15 |
| Forfeited | (146,334) | 4.77 |
| Outstanding, December 31, 2022 | 877,157 | \$ 4.60 |
| Forfeited | (1,666) | 10.15 |
| Outstanding, June 30, 2023 | 875,491 | 4.59 |

No options were granted by the Company during the six months ended June 30, 2023

During the three and six months ended June 30, 2023, the Company recorded \$27,425 (2022 – (\$110,810)) and \$130,437 (2022 - \$186,756) respectively in stock-based compensation in relation to the vesting of stock options. The fair values of stock options granted were estimated using the Black-Scholes Option Pricing Model.

Restricted Share Units

During the three and six months ended June 30, 2023, the Company recorded share-based payment expense of \$451,490 (2022 - \$340,988) and \$889,041 (2022 - \$686,747) for RSUs respectively, based on the fair values of RSUs granted which were calculated using the closing price of the Company's stock on the day prior to grant.

The Company has adopted an incentive share compensation plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, restricted stock units (RSUs). The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. RSUs will have a 3-year vesting period

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

17. SHARE CAPITAL (CONT'D)

following the award date. The total number of common shares reserved and available for grant and issuance pursuant to this plan, and the total number of Restricted Share Units that may be awarded pursuant to this plan, shall not exceed 20% (in the aggregate) of the issued and outstanding common shares from time to time.

As at June 30, 2023, the Company had the following RSUs outstanding:

| | Number of RSUs |
|-----------------------------------|-----------------------|
| Outstanding, December 31, 2021 | 514,832 |
| Vested | (1,072,595) |
| Issued | 1,820,972 |
| Forfeited | (64,334) |
| Outstanding, December 31, 2022 | 1,198,875 |
| Vested | (418,654) |
| Issued | 1,685,316 |
| Forfeited | (29,334) |
| Outstanding, June 30, 2023 | 2,436,203 |

Warrants

During the years ended December 31, 2021 and 2020, the Company issued warrants ("USD Warrants") with a USD exercise price. Being in a currency that is not the Company's functional currency and these warrants were not issued in exchange for services, these USD Warrants are required to be recorded as a financial liability and not as equity. As a financial liability, these USD Warrants are revalued on a quarterly basis to fair market value with the change in fair value being recorded profit or loss. The initial fair value of these USD Warrants was parsed out from equity and recorded as a financial liability.

To reach a fair value of the USD Warrants, a Black Scholes calculation is used, calculated in USD as the Company also trades on the Nasdaq. The Black Scholes value per USD Warrant is then multiplied by the number of outstanding warrants and then multiplied by the foreign exchange rate at the end of the period from the Bank of Canada.

Warrant Derivative Liability

| | | |
|---|----------------------|--------------------------|
| Balance at December 31, 2021 | \$ | 4,865,772 |
| Change in fair value of warrants outstanding | | (4,865,772) |
| Balance at December 31, 2022 and June 30, 2023 | \$ | - |
| Derivative liability balance at | | |
| | June 30, 2023 | December 31, 2022 |
| Contingent liability | \$ - | \$ 57,314 |
| Ending balance | \$ - | \$ 57,314 |

The contingent liability is related to an acquisition on March 22, 2021, whereby 1,200,000 warrants were issued and 900,000 were held in escrow and classified as a contingent liability that were to be released upon completion of the milestones. The milestones related to the recognition of revenue on the related acquisition in range of \$2,000,000 to \$6,000,000 which was not met. The warrants expired on March 25, 2023.

Details of these warrants and their fair values are as follows:

| Issue Date | Exercise Price | Number of Warrants Outstanding at June 30, 2023 | Fair Value at June 30, 2023 | Number of Warrants Outstanding at December 31, 2022⁽⁵⁾ | Fair Value at December 31, 2022 |
|------------------------|-----------------------|--|------------------------------------|--|--|
| February 5, 2021 (1) | US\$ 3.55 | - | - | 1,319,675 | - |
| March 5, 2021 (2) | US\$ 3.55 | - | - | 5,142,324 | - |
| July 29, 2021 (3) | US\$ 5.00 | 250,000 | - | 250,000 | - |
| September 14, 2021 (4) | US\$ 5.00 | 4,798 | - | 4,798 | - |
| | | 254,798 | \$ - | 6,716,797 | \$ - |

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

17. SHARE CAPITAL (CONT'D)

- 1) The warrants expired on February 5, 2023.
- 2) The warrants expired on March 5, 2023.
- 3) The warrants expire July 29, 2024.
- 4) The warrants expire September 14, 2024.
- 5) The number of warrants outstanding does not include the 1,200,000 warrants that are classified as a contingent liability.

The fair values of these warrants were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | June 30, 2023 | December 31, 2022 |
|-------------------------|---------------|-------------------|
| Risk free interest rate | - | 4.07% |
| Expected volatility | - | 91.66%-93.48% |
| Expected life | - | 0.10-0.18 years |
| Expected dividend yield | - | 0% |

Volatility is calculated using the historical volatility method.

| | Number of Warrants | Weighted Average Exercise Price |
|----------------------------------|--------------------|---------------------------------|
| Outstanding, December 31, 2021 | 8,414,819 | \$ 4.99 |
| Exercised | (16,538) | 4.51 |
| Expired | (481,484) | 4.61 |
| Outstanding, December 31, 2022 | 7,916,797 | \$ 5.08 |
| Expired | (7,661,999) | 5.89 |
| Outstanding June 30, 2023 | 254,798 | \$ 6.23 |

As at June 30, 2023, the Company had the following warrants outstanding:

| Date issued | Expiry date | Exercise price | Number of warrants outstanding |
|--------------------|--------------------|----------------|--------------------------------|
| July 29, 2021 | July 29, 2024 | US\$ 5.00 | 250,000 |
| September 14, 2021 | September 14, 2024 | US\$ 5.00 | 4,798 |
| | | | 254,798 |

The weighted average remaining contractual life of warrants outstanding as of June 30, 2023, was 1.08 years (December 31, 2022 – 0.47 years).

18. SEGMENTED INFORMATION

The Company organizes its three segments based on product lines as well as a Corporate segment. The three segments are Drones, Vital (Vital Intelligence), and Corporate. The Drones segment derives its revenue from products and services related to the sale of unmanned aerial vehicles (UAV). The Vital segment derives its revenue from the sale of products that measure vitals to help detect symptoms from large groups of people from a distance. The Corporate segment includes all costs not directly associated with the Drone and Vital segments. The Company aggregates the information for the segments by analyzing the revenue stream and allocating direct costs to that respective segment. The Corporate segment is aggregated by relying on the entity that includes corporate costs (Draganfly Inc.).

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

18. SEGMENTED INFORMATION (CONT'D)

| June 30, 2023 | Drones | | Vital | | Corporate | | Total |
|--|---------------|------------------|--------------|----------------|------------------|------------------|----------------------|
| Sales of goods | \$ | 2,962,174 | \$ | - | \$ | - | \$ 2,962,174 |
| Provision of services | | 538,351 | | - | | - | 538,351 |
| Total revenue | | 3,500,525 | | - | | - | 3,500,525 |
| Segment loss | | 8,972,201 | | 153,641 | | 4,512,945 | 13,638,787 |
| Finance and other costs | | (43,689) | | - | | (3,063) | (46,752) |
| Depreciation | | 219,422 | | - | | 4,821 | 224,243 |
| Amortization | | 17,979 | | - | | - | 17,979 |
| Change in fair value of derivative liability | | - | | - | | (57,314) | (57,314) |
| Loss on write down of inventory | | 199,647 | | - | | - | 199,647 |
| Net loss for the year | \$ | 9,365,560 | \$ | 153,641 | \$ | 4,457,389 | \$ 13,976,590 |

| June 30, 2022 | Drones | | Vital | | Corporate | | Total |
|--|---------------|------------------|--------------|----------------|------------------|----------------|---------------------|
| Sales of goods | \$ | 3,170,700 | \$ | - | \$ | - | \$ 3,170,700 |
| Provision of services | | 1,091,733 | | 152,244 | | - | 1,243,977 |
| Total revenue | | 4,262,433 | | 152,244 | | - | 4,414,677 |
| Segment loss | | 4,451,926 | | 322,251 | | 6,430,195 | 11,204,372 |
| Finance and other costs | | (157) | | - | | (21,510) | (21,667) |
| Depreciation | | 89,244 | | - | | 2,763 | 92,007 |
| Amortization | | 21,910 | | 67,236 | | - | 89,146 |
| Change in fair value of derivative liability | | - | | - | | (4,863,578) | (4,863,578) |
| Loss on write-off of notes receivable | | - | | - | | (771,260) | (771,260) |
| Net loss for the year | \$ | 4,562,923 | \$ | 389,487 | \$ | 776,610 | \$ 5,729,020 |

| Revenue | For the three months ended June 30, | | For the six months ended June 30, | |
|----------------|--|---------------------|--|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Canada | \$ 1,899,039 | \$ 2,136,047 | \$ 3,491,133 | \$ 4,052,431 |
| United States | - | 234,068 | 9,392 | 362,246 |
| | \$ 1,899,039 | \$ 2,370,115 | \$ 3,500,525 | \$ 4,414,677 |

Geographic revenue is measured by aggregating sales based on the country and the entity where the sale was made.

19. OFFICE AND MISCELLANEOUS

| | For the three months ended June 30, | | For the six months ended June 30, | |
|--|--|---------------------|--|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Advertising, Marketing, and Investor Relations | \$ 951,659 | \$ 982,824 | \$ 3,287,712 | \$ 2,140,768 |
| Compliance fees | 108,328 | 54,956 | 135,635 | 102,336 |
| Impairment of accounts receivable | - | - | 198,513 | - |
| Contract Work | 47,082 | 168,891 | 114,429 | 299,866 |
| Other | 330,335 | 266,242 | 501,767 | 537,780 |
| | \$ 1,437,404 | \$ 1,472,913 | \$ 4,238,056 | \$ 3,080,750 |

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

20. RELATED PARTY TRANSACTIONS

Trade receivables/payables and accrued receivables/payables:

As at June 30, 2023, the Company had \$nil (2022 - \$155,108) receivable from related parties outstanding that were included in accounts receivable and \$95,345 (2022 - \$nil) payable from related parties that was included in accounts payable. The balances outstanding are unsecured, non-interest bearing and due on demand.

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Compensation awarded to key management for the three and six months ended June 30, 2023 and 2022 included:

| | For the three months ended June 30, | | For the six months ended June 30, | |
|----------------------|-------------------------------------|------------|-----------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Director fees | \$ 151,577 | \$ 107,778 | \$ 303,240 | \$ 215,224 |
| Salaries | 431,407 | 271,499 | 533,522 | 399,014 |
| Share-based payments | 267,638 | 314,577 | 530,880 | 636,660 |
| | \$ 850,622 | \$ 693,854 | \$ 1,367,642 | \$ 1,250,898 |

Other related party transactions

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------------------------------------|------------|-----------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Management fees paid to a company controlled by CEO and director | \$ 280,000 | \$ 236,486 | \$ 380,000 | \$ 226,691 |
| Management fees paid to a company that the CEO holds an economic interest in | 123,153 | 87,341 | 226,782 | 170,333 |
| Management fees paid to a company controlled by the former President and director | 86,754 | 226,219 | 145,152 | 288,719 |
| | \$ 489,907 | \$ 550,046 | \$ 751,934 | \$ 685,743 |

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and trade receivables.

An expected credit loss (ECL) analysis is performed at each reporting date. The provision amounts are based on direct management consultation with the customer. The calculations reflect the probability-weighted outcome with reasonable and supportable information that is available at the reporting date while also considering past events as well as current and future economic conditions. Accounts receivables are written off when there is no reasonable expectation of recovery which indicators include amongst others, business failure, failure to make contractual payments, and the failure of a debtor to engage in a repayment plan.

Trade receivables include balances of \$274,316 that are past due with no corresponding allowance recorded.

Draganfly Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2023
Expressed in Canadian Dollars (unaudited)

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

The majority of cash is deposited in bank accounts held with major bank in Canada and the United States. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company does have past due outstanding receivables however the expected loss rate for undue balance is estimated to be nominal.

Fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. The Company has established a control framework with respect to the measurement of fair values. Fair values are categorized into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Equity securities in investee companies and warrants are measured at fair value. The financial assets and liabilities measured at fair value by hierarchy are shown in the table below. The amounts shown are based on the amounts recognized in the condensed consolidated interim statements of financial position. These financial assets are measured at fair value through profit and loss.

| June 30, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|-------------------|-------------------|-------------------|
| Equity securities in investee companies | \$ 157,143 | \$ 132,400 | \$ - | \$ 289,543 |
| Note receivable | - | - | 115,850 | 115,850 |
| Total | \$ 157,143 | \$ 132,400 | \$ 115,850 | \$ 405,393 |

| December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|-------------------|-------------------|-------------------|
| Equity securities in investee companies | \$ 57,143 | \$ 135,440 | \$ - | \$ 192,583 |
| Note receivable | - | - | 169,300 | 169,300 |
| Derivative liability | - | - | (57,314) | (57,314) |
| Total | \$ 57,143 | \$ 135,440 | \$ 111,986 | \$ 304,569 |

22. SUBSEQUENT EVENT

Subsequent to June 30, 2023, a note receivable with an original maturity date of October 21, 2022 was amended to September 30th, 2023. The parties mutually agreed to extend the arrangement whereby a partial repayment of \$5,000 USD was to be paid August 30th, 2023 and \$82,500 USD the remaining balance was to be paid on maturity.