Mary Agrotechnologies Inc.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended December 31, 2023 and 2022

(Unaudited)

Mary Agrotechnologies Inc.

Three months ended December 31, 2023 and 2022

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Mary Agrotechnologies Inc. for the interim period ending December 31, 2023 have been prepared by management in accordance with International Financial Reporting Standards and approved by the Audit Committee and Board of Directors of the Company. These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's independent auditor.

Mary Agrotechnologies Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	December 31, 2023	September 30, 2023
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	74,667	170,185
Prepaid expenses and deposits	13,300	17,256
Inventory (note 5)	-	8,397
Accounts receivable	7,898	31,579
	95,865	227,417
Non-current Assets		
Property and equipment (note 6)	23,127	34,460
TOTAL ASSETS	118,992	261,877
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	6,137	12,696
Customers advances	10,841	14,623
Current portion of lease obligations (note 8)	22,751	33,912
Bank Loans (note 9)	60,000	60,000
	99,729	121,231
TOTAL LIABILITIES	99,729	121,231
SHAREHOLDERS' EQUITY		
Share capital (note 10)	5,395,412	5,395,412
Contributed surplus	1,027,832	1,025,344
Deficit	(6,403,981)	(6,280,110)
TOTAL SHAREHOLDERS' EQUITY	19,263	140,646
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	118,992	261,877

Nature of operations and going concern (note 1)

Approved on behalf of the Board

”Chuhan Qin”
Chuhan Qin, Director

”Ying Xu”
Ying Xu, Director

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

Mary Agrotechnologies Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Three months ended December 31,	
	2023	**2022**
	$	$
Revenue	16,249	16,098
Cost of revenue	(14,559)	(13,534)
Gross profit	1,690	2,564
Professional and consulting fees	40,475	38,503
Amortization (note 6)	11,333	16,102
Accretion (note 8)	382	918
Marketing and business development	165	450
Office and administrative	18,226	36,315
Research and development (note 11)	-	8,023
Share-based compensation (note 7,10)	2,488	27,171
Wages and salaries (note 7)	52,492	55,302
	125,561	182,784
LOSS BEFORE OTHER ITEMS	(123,871)	(180,220)
OTHER ITEMS		
Foreign exchange loss	-	(209)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(123,871)	(180,429)
Basic and Diluted Loss per Common Share	(0.00)	(0.00)
Weighted Average Number of Common Shares Outstanding	43,227,924	43,127,924

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

Mary Agrotechnologies Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of common shares	Share capital	Contributed surplus	Deficit	Total shareholders' equity
		$	$	$	$
Balance, September 30, 2022	**43,227,924**	**5,395,412**	**918,433**	**(5,340,626)**	**973,219**
Share-based compensation	-	-	27,171	-	27,171
Net loss for the period	-	-	-	(180,429)	(180,429)
Balance, December 31, 2022	**43,227,924**	**5,395,412**	**945,604**	**(5,521,055)**	**819,961**
Balance, September 30, 2023	**43,227,924**	**5,395,412**	**1,025,344**	**(6,280,110)**	**140,646**
Share-based compensation	-	-	2,488	-	2,488
Net loss for the period	-	-	-	(123,871)	(123,871)
Balance, December 31, 2023	**43,227,924**	**5,395,412**	**1,027,832**	**(6,403,981)**	**19,263**

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

Mary Agrotechnologies Inc.
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited - Expressed in Canadian Dollars)

	Three months ended December 31,	
	2023	**2022**
	$	$
Operating activities		
Net loss for the period	(123,871)	(180,429)
Items not involving cash:		
Accretion	383	918
Share-based compensation	2,488	27,171
Amortization	11,333	16,102
Changes in non-cash working capital:		
Inventory	8,397	8,659
Accounts receivable	23,681	51,284
Accounts payable and accrued liabilities	(6,559)	(29,810)
Customer advances	(3,782)	(4,394)
Prepaid expenses	3,956	8,550
Net cash used in operating activities	(83,974)	(101,949)
Financing activities		
Lease payments	(11,544)	(11,100)
Net cash used in financing activities	(11,544)	(11,100)
Decrease in cash and cash equivalents	(95,518)	(113,049)
Cash and cash equivalents, beginning of period	170,185	534,635
Cash and cash equivalents, end of period	74,667	421,586

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

1. NATURE OF OPEARTIONS AND GOING CONCERN

Mary Agrotechnologies Inc. ("Mary AG" or "the Company") was incorporated under the laws of the Province of Ontario by articles of incorporation on October 12, 2017. The primary business activity of the Company is to produce the fully-automated plant growing device managed and controlled by an artificial intelligent algorithm, allowing consumers to grow their own herbs and vegetables effortlessly from seed to plant, while providing optimal conditions to assure premium quality produce year-round. The Company's head office is located at 115 Apple Creek Boulevard, Unit 4, Markham, Ontario, L3R 6C9.

The Company operates mainly in the fields of development and distribution of home growing automated machines and commercial containers for variety of herbs and vegetables worldwide. The Company also plans, established and will operate container farms.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. The above factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. BASIS OF PRESENTAITON

a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with international Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended September 30, 2023. These condensed interim consolidated financial statements do not include all the disclosures required for the annual audited financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended September 30, 2023. The Company's interim results are not necessarily indicative of its results for a full year.

(Unaudited - Expressed in Canadian Dollars)

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on February 22, 2024**.**

b) Basis of preparation

These condensed interim consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments measured at fair value. These condensed consolidation interim financial statements have prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its "subsidiaries"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions are eliminated on consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of return.

As of December 31, 2023, the following entity is controlled by the Company. The entity has no material transactions for the period from the inception of its incorporation to December 31, 2023.

Entity	Location	Ownership	Basis of accounting
Shanghai Moquan Agrotechnologies Co., Ltd. ("Shanghai Moquan")	China	100%	Consolidated

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended September 30, 2023.

a) New standards adopted in the reporting period.

No new and revised accounting standard was adopted by the Company for annual periods beginning on October 1, 2023.

b) Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the three months ended December 31, 2023 and have not been applied in preparing these consolidated financial statements. None of these pronouncements are expected to have a material impact on the Company's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- Estimated useful life of property, plant and equipment – Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Significant accounting judgments

- Deferred income assets or liabilities - The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

- Research and development expenditures - The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

(Unaudited - Expressed in Canadian Dollars)

5. INVENTORY

As at December 31, 2023, the Company has $nil inventories (September 30, 2023 - $8,397). There was no write-down of inventories recognized in the cost of revenue for the three months ended December 31, 2023 and 2022. There was no reversal of write-down of inventories for the three months ended December 31, 2023 (2022 -$nil)

	December 31, 2023	September 30, 2023
	$	$
Finished products	-	8,397
	-	8,397

6. PROPERTY AND EQUIPMENT, NET

	Computer and peripheral equipment	Office furniture and equipment	Mold & production Equipment	Right-of-use asset	Total
	$	**$**	**$**	**$**	**$**
COST					
Balance, September 30, 2022 and 2023	14,227	2,287	181,442	85,925	283,881
Balance, December 31, 2023	14,227	2,287	181,442	85,925	283,881
ACCUMULATED AMORTIZATION					
Balance, September 30, 2022	9,993	985	42,842	10,740	64,560
Additions	3,069	229	18,144	42,963	64,405
Impairment Loss	-	-	120,456		120,456
Balance, September 30, 2023	13,062	1,214	181,442	53,703	249,421
Additions	535	58	-	10,740	11,333
Balance, December 31, 2023	13,597	1,272	181,442	64,443	260,754
CARRYING VALUE					
Balance, September 30, 2023	**1,165**	**1,073**	**-**	**32,222**	**34,406**
Balance, December 31, 2023	**630**	**1,015**	**-**	**21,482**	**203,127**

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and have been valued at the exchange amount of the services performed or consideration paid. Related party transactions not presented elsewhere are presented below.

Transactions with key management personnel:

(Unaudited - Expressed in Canadian Dollars)

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

The compensation paid or payable to key management personnel during the three months ended December 31, 2023 and 2022 were as follows:

	Three months ended December 31, 2023	Three months ended December 31, 2022
	$	$
Salaries, consulting fees and short-term employee benefits	33,000	33,000
Share-based compensation	-	7,212
	33,000	40.212

8. LEASE OBLIGATIONS

A summary of the lease obligations is listed below.

	December 31, 2023	September 30, 2023
	$	$
Balance, beginning of the period	33,912	75,870
Accretion	382	2,886
Lease payments	(11,543)	(44,844)
Balance, end of the period	22,751	33,912
Current portion of lease obligations	22,751	33,912

The following table presents a reconciliation of the Company's undiscounted cash flows to the present value for its lease payable.

	December 31, 2023	September 30, 2023
	$	$
Within 1 year	23,088	34,632
Total undiscounted amount	23,088	79,476
Less: accretion	(337)	(720)
Total discounted amount	22,751	33,912

In June 2022, the Company entered into a new lease agreement for office and warehouse space ("New Lease") for a term of two years commencing July 1, 2022 with an option to renew for another two years. The Company recognized the right-of-use asset of $85,925 under the New Lease based on estimated incremental borrowing rate of 5.065% for two years non-cancellable lease term on July 1, 2022.

9. BANK LOANS

On April 9, 2020, the Government of Canada launched Canada Emergency Business Account ("CEBA") program as one of the COVID 19 relief measures. The program provides interest-free loans of up to $40,000 to support small businesses and non-for-profits across Canada. On December 4, 2020, the CEBA was expanded for additional $20,000. The Company borrowed $40,000 on April 17, 2020 and $20,000 on December 15, 2020, in a total of $60,000 loan from Bank of Montreal. The loan bears zero interest prior to December 31, 2022. $20,000 of the loan will be forgiven if $40,000 is repaid in full on or before December 31, 2022. After December 31, 2022, any remaining balance will be converted to a 3-year term loan at 5% fixed interest rate per annum with monthly interest-only payments. The outstanding balance must be repaid in full by December 31, 2025.

On January 12, 2022, the Government of Canada announced that the repayment deadline for CEBA loans to qualify for partial loan forgiveness is being extended from December 31, 2022 to December 31, 2023, for all eligible borrowers in good standing. Repayment on or before the new deadline of December 31, 2023, will result in loan forgiveness of up to $20,000. Outstanding loans would subsequently convert to two-year term loans with interest of 5% per annum commencing on January 1, 2024, with the loans fully due by December 31, 2025.

On September 14, 2023, the Government of Canada announced extended deadlines for CEBA loan repayments, providing an additional year for term loan repayment, and additional flexibilities for loan holders looking to benefit from partial loan forgiveness of up to 33 per cent. The repayment deadline for CEBA loans to qualify for partial loan forgiveness is being extended from December 31, 2023, to January 18, 2024. The repayment deadline to qualify for partial loan forgiveness now includes a refinancing extension until March 28, 2024.

Subsequent to the quarter ended December 31, 2023, the Company repaid the $60,000 CEBA loan on January 11, 2024 and was qualified for partial loan forgiveness of $20,000.

10. SHARE CAPITAL

a) Authorized Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Issued Share Capital

The Company had no capital transactions during the three months ended December 31, 2023 and 2022.

c) Stock Options

Pursuant to the Company's stock option plan, the aggregate number of common shares that may be reserved for issuance pursuant to options shall not exceed 10% of the outstanding common shares at the time of the granting of an option, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement. The exercise price per common share for an option granted shall not be less than the market price. Every option shall have a term not exceeding and shall expire no later than 10 years after the date of grant. The terms of the granted stock options as well as the vesting conditions are at the sole discretion of the directors.

(Unaudited - Expressed in Canadian Dollars)

The following table summarizes the continuity of the Company's stock options:

	Number of shares	Weighted average exercise price $
Outstanding, September 30, 2022 and 2023	3,609,000	0.27
Outstanding, December 31, 2023	3,609,000	0.27
Exercisable, December 31, 2023	3,609,000	0.27

The following table summarizes the information of outstanding and exercisable share options as of December 31, 2023.

Grant Date	Expiry Date	Exercise Price	Number of Options	Exercisable
July 24, 2020	July 23, 2030	$0.25	1,539,000	1,539,000
July 24, 2020	July 23, 2030	$0.46	70,000	70,000
July 25, 2021	July 24, 2031	$0.415	1,050,000	1,050,000
September 16, 2022	September 15, 2032	$0.13	950,000	950,000

No stock options were granted during the three months ended December 31, 2023 and 2022.

d) Earned-out shares

On November 28, 2019, the Company entered into a Common Share Earned-out Agreement (the "Earned-out Agreement) with an employee. Based on the terms of the Earned-out Agreement, the employee will receive 250,500 common shares at a nominal value after four years of service. These shares were valued at $0.25 per share on the per share price of the Company then completed private placements. The value of shares is amortized over the period of four years. During the three months ended December 31, 2022, $2,488 (2022 - $3,946) were recognized as share-based compensation.

e) Share-based compensation

(Unaudited - Expressed in Canadian Dollars)

During the three months ended December 31, 2023, the Company recognized share-based compensation for stock options and earned-out shares in the total amount of $2,488 (2022 - $27,171).

11. RESEARCH AND DEVELOPMENT EXPENSES

The Company incurs costs related to its research and development activities. To date, all of the costs relating to the Company's projects under development have been expensed as incurred.

12. FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities which approximate fair value are shown in the statement of financial position, are as follows:

	December 31, 2023 Carrying Amount	September 30, 2023 Carrying Amount
	$	$
Assets carried at amortized cost		
Cash and cash equivalents	74,667	170,185
	74,667	170,185
Liabilities carried at amortized cost		
Accounts payable and accrued liabilities	6,137	12,696
Lease obligations	22,751	33,912
Bank loans	60,000	60,000
	88,888	106,608

As at December 31, 2023 and September 31, 2023, accounts receivable consists of HST receivable only. The fair values of cash and cash equivalents, accounts payable and accrued liabilities (excluding taxes payable) and bank loans approximated carrying values as at the reporting date due to the short-term maturities of these instruments. For lease obligations, fair value approximates carrying value at the reporting date as the interest rates used to discount the host contracts approximate market rates.

13. RISK MANAGEMENT

The Company manages risk through establishing policies that provide management oversight related to the risks of operations, including ensuring that risks are identified and assessed, and that appropriate and effective policies are in place. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For the purposes of this disclosure, market risk is segregated into three categories: other market risk, interest rate risk and currency risk. Other risks associated with financial instruments include credit risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of these financial instruments.

The Company minimized credit risk associated with its cash balance substantially by dealing with a major financial institution that has been accorded a strong investment grade rating by a primary rating agency.

Other than cash, there are no other significant concentrations of credit risk within the Company.

Interest rate risk
Interest rate risk is the risk that fair value of the Company's interest-bearing investments will fluctuate due to changes in market interest rates.

As at December 31, 2023 and 2022, the Company did not have a significant exposure to interest rate risk, given that the Company's financial instruments are non-interest bearing.

Liquidity risk
Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with these liabilities. The Company retains sufficient cash to maintain liquidity.

Currency risk
Currency risk is the risk that the value of financial assets denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates.

The Company has purchase contracts denominated in US dollars. The Company is exposed to foreign exchange risks between the US dollars and Canadian dollars in its accounts payable derived from execution of such purchase contracts. As of December 31, 2023, the Company's accounts payable denominated in US dollars was $nil (September 30, 2022 - $nil).

14. CAPITAL MANAGEMENT

The Company requires capital to fund existing and future operations and to meet regulatory capital requirements. The Company's policy is to maintain sufficient and appropriate levels of capital.

The Company's source of capital is mainly from equity financing. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. The capital management framework followed by the Company is designed to maintain the level of capital that will:

(i) Meet the Company's regulatory requirements;
(ii) Fund current and future operations;
(iii) Ensure that the Company is able to meet its financial obligations as they come due.

As at December 31, 2023, the Company had a working capital of negative $3,864 and loans payable of $60,000.

15. OPERATING SEGMENT

Operating segments are defined as components of an enterprise that is a profit center, for which separate financial information is available and which are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

For the period ended December 31, 2023 and 2022, the Company only has one operating segment in accordance with IFRS 8 Operating Segments.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation. These reclassifications have not had an impact on results of operations for the period.

17. SUBSEQUENT EVENT

Subsequent to the quarter ended December 31, 2023, the Company repaid $60,000 CEBA loan on January 11, 2024 and was qualified for partial loan forgiveness of $20,000 (see Note 9).