

Sprout AI Inc. Q3 Financial Report

VANCOUVER, Nov. 01, 2021 (GLOBE NEWSWIRE) -- via InvestorWire -- **Sprout AI Inc. (“Sprout AI” or the “Company”)** (CSE: **SPRT**) has filed its unaudited interim Third Quarter (Q3) Financial Statement (FS) and Management’s Discussion and Analysis (MD&A) for both Sprout AI Inc. (formerly 1262803 B.C. LTD.) and Sprout AI S.A. (Sprout AI).

Both the FS and MD&A represent an amalgamated report concerning both Sprout AI Inc. and Sprout AI S.A.

Sprout AI Inc has reported its interim results ending Aug. 31, 2021, in Canadian dollars, and Sprout AI S.A. has reported its interim results ending July 31, 2021, in United States dollars.

Q3 Highlights

Financial Results

Capital management

The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. The company is transitioning from primary reliance on equity financing to reliance on non-refundable client deposits.

Liquidity and capital resources

The Company anticipates its working capital will continue to improve over time as it obtains additional non-refundable client deposits on future orders and funding. The Company intends to fund short-term capital requirements via non-refundable client deposits and equity financing.

The Company may seek such additional financing through debt or equity offerings for the purposes of international expansion, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

Other risks and uncertainties

The Company has successfully transitioned to an operating business and intends to seek new markets for its products, and ventures or other opportunities which could include acquiring a business or assets. These activities could require additional debt or equity financing. There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

Operational Results

- On Aug. 24, 2021, Jon Olsen was named CFO of Sprout AI Inc. replacing Josh Lebovic in the position.
- On Aug. 30, 2021, Sprout announced an initial purchase order of 140 units of its proprietary cultivation habitats. The Order represents gross revenue of approximately US\$2.1 million or net revenue of approximately US\$210,000 (US\$15,000 per Unit or net revenue of approximately US\$1,500 per Unit). The project may require up to a total of 660 Units delivered by the Company over the next 12 months, which would represent an aggregate gross revenue of up to US\$9.9 million (or approximately US\$990,000 in net revenue).
- An aggregate payment representing 50% of the order was received on Aug. 20, 2021, to process this Order and commence assembly of the Order. The remaining 50% of the Order is due at the time of shipping and expected in the fourth quarter of 2021. All payments are nonrefundable.
- On Aug. 31, 2021, Sprout AI appointed Aalbun, a global intellectual property (IP) service provider, to manage the filing of all Sprout AI patents and trademarks in multiple jurisdictions.

Outstanding Share Data

The following table summarizes the Company’s outstanding share data as of Aug. 31, 2021:

	Number of shares issued or issuable
Common shares	90,264,806
Special Warrants	-
Warrants	10,000,000

On June 22, 2021, the Company issued 500,000 common shares pursuant to warrants exercised.

About Sprout AI

Sprout AI is a vertical farming technology company in the business of planning, designing, manufacturing and/or assembling sustainable and scalable AI-controlled vertical cultivation equipment for indoor vertical farming. The adaptive technology produces an environment with improved growing parameters and early detection of adverse conditions resulting in consistent and repeatable crops, with shorter cultivation cycles independent of geographic climates.

The self-contained multi-level rolling rack technology increases the cubic cultivation area while mitigating the risk of outside and cross-contaminants.

For more information about Sprout AI, please visit <http://sproutai.solutions>.

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THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE, NOR HAS OR DOES THE CSE'S REGULATION SERVICES PROVIDER.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation, with respect to the Company. The forward-looking information included in this news release is not based on historical facts, but rather on the expectations of the Company's management regarding the future growth of the Company, its results of operations, performance, business prospects, and opportunities. This news release uses words such as "will," "expects," "anticipates," "intends," "plans," "believes," "estimates," or similar expressions to identify forward-looking information. Such forward-looking information reflects the current beliefs of the Company's management, based on information currently available to them.

This forward-looking information includes, among other things, statements relating to the Order, the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company and anticipated developments in operations of the Company. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, prospective investors should not place undue reliance on these forward-looking statements. Whether actual results, performance, or achievements will conform to the expectations and predictions of the Company is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including: global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19 and including the evolution of new variants of COVID-19, the duration and effect thereof and delays relating to vaccine development, procurement and distribution; risks relating to the effective management of the Company's growth; liabilities and risks, including environmental liabilities and risks associated with the Company's operations; the Company's ability to attract and retain customers; the competitive nature of the industries in which the Company operates; and the other risk factors described in the Company's final long form prospectus dated May 31, 2021.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in the forward-looking statements. Information contained in forward-looking statements in this news release is provided as of the date of this news release, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable Canadian securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements, or the information contained in those statements.

All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.

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