Sprout AI Inc.

AMENDED AND RESTATED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2024

Explanation of Amendment: The Amended Interim Filings were made to reflect changes recommended by the Company's auditors during the course of completing the review of the interim condensed consolidated financial statements for the three-month and nine-month periods ended October 31, 2024, and 2023. These adjustments mainly refer to the monthly allocation of certain accruals of annual costs, without affecting the total annual values previously audited. They do not represent changes to previously reported cash flows, nor materially relevant modifications to the company's financial position. The amendments were made to ensure consistency and clarity across all financial reporting periods.

(Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sprout AI Inc.
Amended and Restated Interim Condensed Consolidated Statements of Financial Position (Unaudited)
(Expressed in US Dollars)

	notes	**October 31, 2024**	January 31, 2024
ASSETS			
Current			
Cash		**18,159**	6,812
Prepaid expenses	4	**1,100**	26,288
Inventory	5, 8	**170,496**	171,322
Due from related parties	10	**304,686**	289,482
		494,441	493,904
Right-of-use assets	6	**0**	47,983
Property, plant and equipment	7	**61,374**	106,960
Intangible assets	8	**722,478**	817,745
Total Assets		**1,278,293**	1,466,592
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9, 21	**713,552**	734,777
Deferred revenue	14	**656,168**	656,168
Due to related parties	10	**3,346,988**	2,518,360
Current portion of loan payable	11	**47,347**	22,603
Current portion of lease liabilities	13	**0**	80,110
Related party loan payable	12	**1,000,000**	1,000,000
		5,764,055	5,012,018
Loan payable	11	**495,348**	505,401
Total Liabilities		**6,259,403**	5,517,419
SHAREHOLDERS' EQUITY			
Share capital	16	**6,009,390**	6,009,390
Capital stock reserve	17	**752,552**	752,552
Accumulated deficit		**(11,743,052)**	(10,812,769)
Total Equity		**(4,981,110)**	(4,050,827)
Total Liabilities and Equity		**1,278,293**	1,466,592

Nature and going concern (Note 1)

Contingencies and commitments (Note 15)

Subsequent events (Note 24)

Sprout AI Inc.
Amended and Restated Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in US Dollars)

	Notes	Three Months Ended October 31, 2024	Three Months Ended October 31, 2023	Nine months Ended October 31, 2024	Nine months Ended October 31, 2023
Revenue					
Service revenue	**18,21**	**0**	60,159	**0**	180,416
Sale of product		**0**	0	**79**	0
		0	60,159	**79**	180,416
Cost of goods sold		**14**	57,351	**300**	172,485
Gross Margin		**(14)**	2,808	**(221)**	7,931
Expenses					
Payroll expenses		**133,31 9**	86,986	**453,781**	330,345
Professional fess		**99,266**	69,959	**135,286**	170,441
Interest expense on lease liabilities	**13, 21**	**0**	32,698	**2,132**	103,658
General and office administration		**17,116**	25,918	**71,370**	67,314
Advertising and promotion		**0**	1,098	**74**	3,591
Insurance		**0**	901	**1,575**	2,482
Licensing fees	21	**939**	13,360	**14,029**	41,828
Financing costs and bank charges	**11**	**8,265**	18,931	**24,786**	27,949
Dues and subscription		**0**	2,909	**4,180**	8,862
Foreign exchange loss (gain)	**2**	**19,958**	(9,029)	**17,218**	(1,552)
Depreciation on right of use assets	**6**	**502**	47,732	**47,983**	139,929
Depreciation on property and equipment	**7**	**12,994**	34,689	**46,915**	103,586
Depreciation on intangible assets	**8**	**37,088**	0	**111,266**	0
		329,447	326,152	**930,595**	998,433
Loss before other items		**(329,461)**	(323,344)	**(930,816)**	(990,502)
Other items					
Other income and expense		**332**	0	**532**	0
Fair value adjustment of debt	**11**	**0**	0	**0**	(876)
Loss for the period		**(329,129)**	(323,344)	**(930,284)**	(991,378)
Per Share Information					
Net loss per share – basic and diluted		**(0. 00)**	(0. 00)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding		**90,964 ,806**	90,964,806	**90,964, 806**	90,964, 806

Sprout AI Inc.
Amended and Restated Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in US Dollars)

	Share capital					
	Number of Shares (Note 16)	**Share Capital (Note 16)**	**Capital Stock Reserve (Note 17)**	**Additional Paid in Capital**	**Deficit**	**Total**
At January 31, 2023	90,964,806	6,009,390	752,552	0	(9,626,924)	(2,864,982)
Net loss and comprehensive loss	0	0	0		(991,378)	(991,378)
At October 31, 2023	90,964,806	6,009,390	752,552	0	(10,618,302)	(3,856,360)
At January 31, 2024	90,964,806	6,009,390	752,552	0	(10,812,769)	(4,050,827)
Warrants expiration (reclass)	0	0	(752,552)	752,552	0	0
Net loss and comprehensive loss	**0**	**0**	**0**	**0**	**(930,284)**	**(930,284)**
At October 31, 2024	**90,964,806**	**6,009,390**	**0**	**752,552**	**(11,743,052)**	**(4,981,110)**

Sprout AI Inc.
Amended and Restated Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
(Expressed in US Dollars)

	Three Months Ended October 31,		Nine months Ended October 31,	
	2024	2023	**2024**	2023
Operating Activities				
Loss for the period	**(329,129)**	(323,344)	**(930,284)**	(991,378)
Items not affecting cash:				
Depreciation on right-of-use assets	**505**	47,732	**47,983**	139,929
Depreciation on property, plant and equipment	**12,994**	34,689	**46,915**	103,586
Depreciation on intangible assets	**37,088**	0	**111,266**	0
Interest expense on lease liabilities	**0**	32,698	**2,132**	103,658
Fair value adjustment on loan payable	**0**	0	**0**	876
Interest expense on loan payable	**7,818**	7,750	**23,691**	22,128
Foreign exchange differences	**992**	0	**31**	0
	(269,732)	(200,475)	**(698,266)**	(621,201)
Changes in non-cash working capital				
Inventory	**1,652**	5,142	**826**	5,479
Prepaid expenses	**25,243**	(3,897)	**25,187**	(31,710)
Due from related parties	**127**	(63,320)	**(15,204)**	(106,670)
Accounts payable and accrued liabilities	**19,717**	(139,029)	**(21,231)**	(353,395)
Deferred revenue	**0**	0	**0**	(13,709)
Net change in non-cash working capital related to operations	**46,739**	(201,104)	**(10,422)**	(500,005)
Cash flows used in continuing operating activities	**(222,993)**	(401,579)	**(708,688)**	(1,121,206)
Investing Activities				
Purchase of property, plant and equipment	**(84)**	(1,516)	**(1,781)**	(3,318)
Proceeds from disposition of property and equipment	**430**	0	**430**	0
Purchase of intangible assets	**0**	(5,810)	**(16,000)**	(23,264)
Cash flows from/(used in) investing activities	**347**	(7,326)	**(17,350)**	(26,582)
Financing Activities				
Principal payment of lease liabilities	**(518)**	(48,515)	**(80,110)**	(139,229)
Payment of interest expense on lease liabilities	**0**	(32,698)	**(2,132)**	(103,658)
Repayment of loan payable	**0**	(5,000)	**(9,000)**	(5,000)
Increase in due to related parties	**227,802**	439,343	**828,628**	1,398,676
Cash flows from financing activities	**227,284**	353,130	**737,386**	1,150,789
Increase/(decrease) in cash	**4,638**	(55,777)	**11,348**	3,000
Cash, beginning of period	**13,521**	86,548	**6,812**	27,771
Cash, end of period	**18,159**	30,771	**18,159**	30,771

1. NATURE AND GOING CONCERN

Sprout AI Inc. (Formerly, 1262803 B.C. Ltd.) (the "Company") was incorporated on August 25, 2020, under the Business Corporations Act in British Columbia. On June 1, 2021, the Company changed its name from "12682803 B.C. Ltd." to Sprout AI Inc. On July 5, 2021, the shares of the Company began trading on the Canadian Securities Exchange ("CSE") under the symbol of SPRT and subsequently changed to BYFM on November 5, 2021. On January 14, 2022, the shares of the Company began trading on the United States OTC stock market under the symbol BYFMF. The Company's head office is located at 4th Floor - 931 Fort Street, Victoria, BC, V8V 3K3. The Company is engaged in vertical farming technology and is in the business of planning, design, manufacturing and /or assembling sustainable and scalable AI-controlled vertical cultivation equipment (the "habitat") for indoor vertical farming. Sprout AI Inc. is a subsidiary of TheraCann International Benchmark Corporation.

Sprout AI S.A. ("Sprout") is a limited liability company incorporated on November 19, 2018, in the Republic of Panama through Public Deed No. 30280. The registered office of Sprout is located at the Galley 7 in Panama Viejo Business Center, Parque Lefevre, Panama, Republic of Panama.

Beyond Farming Panama, S.A. ("BYFM") is a limited liability company incorporated on May 20, 2024, in the Republic of Panama through Public Deed No. 3642. The registered office of "BYFM" is located at The Panama Viejo Business Center Galey 7, Parque Lefevre, Republic of Panama.

These interim condensed consolidated financial statements are 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 discharge its liabilities in the normal course of business in the foreseeable future.

Details of the deficit and working capital of the Company are as follows:

	October 31, 2024	January 31, 2024
Deficit	**(11,743,052)**	(10,812,769)
Working capital	**(5,269,614)**	(4,518,114)
Cash	**18,159**	6,812

The Company anticipates that future periods may continue to reflect some operational losses as we progress through our growth phase. However, recent successes in securing additional capital and advancing new revenue-generating projects provide a stronger foundation for achieving our corporate objectives. While additional financing through debt, equity issuances, or other means may be required to support ongoing and future initiatives, the management is confident in our ability to explore these options on favourable terms. While no assurances can be provided regarding the availability of future financing, the Company remains committed to pursuing the most advantageous solutions to ensure sustainable growth and financial stability. These interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should circumstances change.

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements of Sprout AI Inc. as at and for the year ended January 31, 2024, and the notes thereto (the "Annual Financial Statements"). The interim condensed consolidated financial statements have been prepared on a basis consistent with the accounting, estimation and valuation policies described in the Annual Financial Statements.

Unless otherwise noted, all amounts on the interim condensed consolidated financial statements are presented in United States dollars ("USD"), which is the functional currency of Sprout. The functional currencies of the Company and Sprout

AI Australia PTY are Canadian Dollars ("CAD") and Australian Dollars ("AUD"), respectively. The presentation currency of these consolidated financial statements is USD. During the nine-month and three-month periods ended on October 31, 2024 the loss of US$17,218 (2023 – gain of $1,562) and US$19,958 (2023 – gain of US$9,039), respectively, for "Foreign exchange gains(loss)" value arose from payments and receipts in currencies other than USD, as well as from the update of the value in USD of the existing foreign currency balances as of the end of Q3.

The interim condensed consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on May 30, 2025.

Basis of consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Sprout AI S.A., Sprout AI Australia PTY and Beyond Farming Panamá, S.A.

Subsidiary	Place of Incorporation	Functional Currency	Year End Date
Sprout AI S.A.	Panama	USD	January 31
Sprout AI Australia PTY	Australia	AUD	June 30
Beyond Farming Panama, S.A.	Panama	USD	December 31

A subsidiary is an entity controlled by the Company and is included in the interim condensed consolidated financial statements from the date that control commences until the date the control ceases. The accounting policies of a subsidiary are changed where necessary to align them with policies adopted by the Company.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in the preparation of these interim condensed consolidated financial statements.

Presentation and functional currency

All amounts on the interim condensed consolidated financial statements are presented in United States dollars ("USD"), which is the functional currency of Sprout and BYFM. The functional currencies of the Company and Sprout AI Australia PTY are Canadian Dollars ("CAD") and Australian Dollars ("AUD"), respectively. The presentation currency of these interim condensed consolidated financial statements is USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Significant accounting judgments and estimates

The preparation of these interim condensed consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimates and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial period: expected life of tangible and intangible assets, valuation of financial assets, impairment of non-financial assets and share-based compensation.

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual financial statements. Judgement is also required in the determination of whether the Company will continue as a going concern.

(Expressed in US Dollars)

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies under IFRS are presented in Note 2 to the Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim condensed consolidated Financial Statement.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the Company's October 31, 2024 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these interim condensed consolidated financial statements. Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are as follows:

Effective date	New accounting standards or amendments
1 January 2025	*Lack of Exchangeability – Amendments to IAS 21*
1 January 2027	IFRS 18 *Presentation and Disclosure in Financial Statements*
Available for optional adoption/effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*
Applicable to annual reporting periods beginning on or after 1 January 2027	IFRS 19 ***Subsidiaries without Public Accountability: Disclosures*** *IFRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.*

4. PREPAID EXPENSES

	October 31, 2024	January 31, 2024
Deposits	1,100	26,288

5. INVENTORY

The Company's inventory consists of materials inventory. Materials consumed in production of the habitat units are transferred to work in progress and then to finished goods upon completion of production.

The cost of inventory recognized as cost of goods sold during the period ended October 31, 2024, was $Nil (January 31, 2024 - $Nil).

(Expressed in US Dollars)

	October 31, 2024	January 31, 2024
Raw materials	47,000	47,826
Inventory in transit	113,663	113,663
Finished product	9,833	9,833
	170,496	171,322

6. RIGHT OF USE ASSETS

On May 1, 2024 Sprout's moved to a new location in Panama Viejo Business Center it is comprised of both a two-level open office concept as well as a warehouse designed for manufacturer, quality assurance, packaging, and shipping of Sprout AI directly to the Panama Canal. The total building occupies 9,954.73 sq. ft. (924.76 m2).

On January 31, 2024, management and lessor agreed not to exercise the extension option of the lease of the building and to terminate the lease effective April 30, 2024. Management considered the reduction in lease period as a modification of lease which resulted in a reduction of right-of-use assets in the amount of $505,706 and a reduction of lease liabilities in the amount of $673,389 (note 13). The difference of $167,682 has been recorded as a gain on lease modification in the consolidated statement of loss and comprehensive loss.

Management regularly assesses the right-of-use asset for impairment indicators and has determined that no impairment is required for the period ended October 31, 2024 (January 31, 2024 -$Nil)

	Nine month period ended October 31, 2024	2024	Nine month period ended October 31, 2023	2023
	Building	**Equipment**	**Building**	**Equipment**
Balance, January 31	45,974	2,009	735,573	5,023
Depreciation	(45,974)	(2,009)	(137,920)	(2,009)
Balance, October 31	**0**	**0**	**597,653**	**3,014**

During the three month period ended on October 31, 2024 the Company incurred $503 (2023 $47,732) in depreciation and $Nil (2023 - $Nil) in additions.

7. PROPERTY, PLANT AND EQUIPMENT

	Nine month period ended October 31, 2024	2024	Nine month period ended October 31, 2023	2023
	Equipment	**Leasehold Improvements**	**Equipment**	**Leasehold Improvements**
Balance, January 31	105,712	1,248	209,816	1,589
Additions	1,781	0	3,318	0
Disposal	(430)	0	0	0
Adjustment	(21)	0	0	0
Depreciation	(46,659)	(256)	(103,330)	(256)
Balance, October 31	**60,382**	**992**	**109,803**	**1,334**

Netbook value	**Equipment**	**Leasehold improvements**	**Total**
January 31, 2024	105,712	1,248	106,960
October 31, 2024	**60,382**	**992**	**61,374**

Management regularly assesses the property, plant and equipment for impairment indicators and has determined that no impairment is required for the periods of nine months and three months ended as at October 31, 2024 (2023 - $Nil).

(Expressed in US Dollars)

During the three month period ended on October 31, 2024 the Company incurred $12,995 (2023 $34,689) in depreciation.

8. INTANGIBLE ASSETS

	Nine month period ended October 31,			Nine month period ended October 31,		
	2024	**2024**	**2024**	**2023**	**2023**	**2023**
	Patent	**Trademark**	**Product Development**	**Patent**	**Trademark**	**Product Development**
Balance, January 31	41,123	77,624	698,998	5,270	39,652	737,762
Additions	16,000	0	0	7,250	12,000	4,014
Depreciation	0	0	(111,266)	0	0	0
Balance, January 31	**57,123**	**77,624**	**587,731**	**12,520**	**51,652**	**741,776**

Development costs consist of the costs of developing a prototype for its Sprout AI habitat. As at October 31, 2024, such intangible assets were available for use and during the period of nine months ended on October 31, 2024 the amortization was $111,266 (2023 - $Nil) and during the three month period ended on October 31, 2024 the Company incurred $37,088 (2023 $Nil) in depreciation.

On October 31, 2023, part of the intangible assets was transferred to ETCH BioTrace, S.A., a related party of the Company, for further development. The consideration received was $33,932, representing the carrying amount of the intangible asset.

On July 1, 2023, an amount of $13,057, and on January 31, 2024, an additional amount of $12,376, totaling $25,453, were reclassified to inventory. These amounts represent excess components originally acquired for product development.

Management regularly assesses the property, plant and equipment for impairment indicators and has determined that no impairment is required as at October 31, 2024 (January 31, 2024 - $Nil).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2024	**January 31, 2024**
Trade accounts payable	644,045	545,442
Accrued liabilities	66,092	78,376
Government remittances payable	3,415	110,959
	713,552	**734,777**

10. RELATED PARTY TRANSACTIONS

a) The following shows the amounts due from and due to related parties:

Due from related parties	**October 31, 2024**	January 31, 2024
Theracann Canada Benchmark Ltd.	**56,922**	33,673
ETCH BioTrace, S.A.	**45,296**	44,884
One System One Solution, S.A.	**201,907**	210,363
TheraCann Africa Benchmark Corporation	**562**	562
	304,686	289,482

Due to related parties	**October 31, 2024**	January 31, 2024
Theracann International Benchmark Corporation	**3,225,267**	2,395,572
Theracann Australia Benchmark Pty Ltd.	**120,807**	118,675
Theracann Canada Inc.	**913**	4,113
	3,346,988	2,518,360

(Expressed in US Dollars)

The amounts due from/to related parties are from companies that are owned or controlled by the majority shareholder. The amounts due from/to related parties are unsecured, non-interest bearing and due within 12 months.

11. LOAN PAYABLE

In March 2022, the Company entered into an unsecured loan agreement with Mr. S. Halter, whereby the Company borrowed $520,000 at a rate of 6% to be repaid over a three-year period. The Loan Agreement was amended in April 2023 and December 2023 to reflect updated terms for repayment. The loan will be repaid with progressive monthly installments from $5,000 to $149,109. The loan will be extinguished in full in December 2026.

The Company has discounted the loan using the effective interest method at a discount rate of 6% per annum over a repayment period of three years. Upon recognition, $42,272 was recognized as the fair value adjustment on the loan payable.

	Nine month period ended October 31,	
	2024	**2023**
Balance, January 31	528,004	502,159
Fair value adjustment	0	876
Repayment of loan balance	(9,000)	(5,000)
Interest expenses	23,691	22,128
Balance, October 31	**542,695**	520,163

During the three month period ended on October 31, 2024 the Company incurred interest of loan payable of $7,818 (2023 - $7,750), and in repayment of loan balance $Nil (2023 - $5,000).

	October 31, 2024	January 31, 2024
Current portion of loan payable	**47,347**	22,603
Long-term portion of loan payable	**495,348**	505,401
	542,695	528,004

As at October 31, 2024, the Company had the following outstanding loan payable:

	Maturity	**Rate**	**October 31, 2024**
Loan	31-Dec-26	6.00%	**542,695**
			542,695

Principal payment are as follows:

2025	47,347
2026	316,980
2027	178,368
Total payments	**542,695**

12. RELATED PARTY LOAN PAYABLE

February 2023, the Company entered into a loan agreement with TIBC, whereby the Company borrowed $1,000,000. The loan is non-interest bearing, unsecured and due on or before the 36 months from the date of loan agreement. Management intends to settle the amount within 12 months.

13. LEASE LIABILITIES

The Company subleases commercial space and office space from its controlling shareholder. The Company’s lease commenced on February 1, 2019 and extends to February 1, 2024. The Company has an option to extend the lease beyond the three-year non-cancellable term for an additional term of three years. During the period the Company entered into a lease agreement for office equipment. The monthly lease charge is $259. The Company has recognized the right-of-use assets in respect of these leases.

(Expressed in US Dollars)

The Company has also recognized a lease liability for those leases, which was initially measured at the present value of the future lease payments, discounted using the Company's incremental borrowing rate of 16.22% and 2% for the leased building and office equipment, respectively. Interest expense on the lease liability is included in the statements of loss and comprehensive loss. The carrying amount of the Company's lease liabilities are as follows:

On January 31, 2024, management and lessor agreed not to exercise the extension option of the lease of the building and to terminate the lease effective April 30, 2024. Management considered the reduction in lease period as a modification of lease which resulted in a reduction of right-of-use assets in the amount of $505,706 (note 6) and a reduction of lease liabilities in the amount of $673,389. The difference of $167,682 has been recorded as a gain on lease modification in the consolidated statement of loss and comprehensive loss on January 31, 2024.

The following table details the discounted cash flows of the Company´s lease obligations as at October 31, 2024:

	Nine month period ended October 31, 2024	2024	Nine month period ended October 31, 2023	2023
	Building	**Equipment**	**Building**	**Equipment**
Balance, beginning of period	78,066	2,044	937,866	5,083
Interest	2,120	12	103,601	57
Lease payments	(80,186)	(2,056)	(240,557)	(2,330)
Balance, end of the period	**0**	**0**	**800,910**	**2,810**

During the three month period ended on October 31, 2024 the Company incurred interest on lease liabilities of $Nil (2023 $32,698), and payment of lease liabilities $518 (2023 - $46,506).

14. DEFERRED REVENUE

Deferred revenue is comprised of customer deposits which consist of funds paid by customers in advance for delivery of Sprout AI Habitats Systems based on the sales agreement. All deposits are non-refundable. There are no external restrictions on the use of these deposits.

	October 31, 2024	January 31, 2024
Balance	**656,168**	656,168

15. CONTINGENCIES AND COMMITMENTS

On August 23, 2024, the Company settled the claim with respect to service billing by the previous payroll service provider. As at October 31, 2024, the outstanding balance is $64,319 (January 31, 2024 - $81,343)

16. SHARE CAPITAL

The following is a summary of the share transactions:

	Number of common shares	**Amounts**
At January 31, 2024	90,964,806	6,009,390
At October 31, 2024	90,964,806	6,009,390

17. CAPITAL STOCK RESERVE

On June 1, 2024, the PB Warrants reached the end of their 3 years expected life and expired. These warrants were issued on June 1, 2021 with an estimated fair value of $752,552 using the Black-Scholes option pricing model. The fair value of the contingent consideration was discounted to its present value reflecting the Company's expectation on meeting revenue targets. The following assumptions were used to value the PB Warrants:

(Expressed in US Dollars)

Risk-free interest rate	0.29%
Expected life	3 years
Annualized volatility	100%
Share price	$0.1412 USD ($0.17 CAD)
Discount rate	16%

18. REVENUE

Revenue from external customers is derived as product revenue earned from end users who purchase our goods through the Company's primary distributor, TheraCann International Benchmark Corporation (TIBC). Revenue may also be derived from storage of products on behalf of end users if the end user is not able to pay final balances prior to shipment. TIBC does not mark up the cost of the Company's goods. TIBC receives payment from end user to install, operate, and maintain the Company goods at the end user location. Freight costs of the Company goods are paid either by TIBC or the end user.

The Company recognizes product and storage on a gross basis.

Products are paid by non-refundable deposits. The percentage of deposit will vary depending on size of order, time to delivery order, and shipping constraints. Typically, orders are paid with a deposit to commence order, and the remaining balance due prior to shipment to the customer's chosen destination. Deferred revenue is recorded for the period of time between when the order is placed and when the order has been shipped to the customer's chosen destination. Storage is to be paid monthly and is due on receipt of invoice.

Other revenues are from agricultural products sales, management, consulting, and software development services and are recognized in accordance with their respective agreements.

Fair value adjustment on loan payable represents the difference between the loan proceeds received and the time value of money of the future repayments discounted at an imputed interest rate of 6% per annum.

19. SEGMENTED INFORMATION

The President and Chief Operating Officer regularly assess and make allocation decisions based on contracts and projects in progress in the geographic areas of operations. Based on the fact that operations are ramping up and in the early stages of the Company's existence, management has determined that it operates as a single operating division. For the period of nine months and three months ended October 31, 2024, the Company derived 100% (October 31, 2023 - 100%) of revenue from related entities, which are controlled by an officer of the Company. As at October 31, 2024, 100% (January 31, 2024 - 100%) of non-current assets (other than financial instruments) are located in Panama.

20. LOSS PER SHARE

The calculation of basic and diluted loss per share for the periods of nine months and three months ended on October 31, 2024, was based on the loss of $930,284 (2023 - $991,378) and $329,129 (2023 - $323,344) and weighted average number of common shares outstanding of 90,964,806 (2023 - 90,964,806). All warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

21. RELATED PARTY TRANSACTIONS AND BALANCES

a) Transactions with key management personnel

Transactions with key management personnel of the Company include certain members of the Company's executive management team and the Board of Directors which have the responsibilities for strategic planning, oversight and control of the Company. During the periods of nine months and three months ended on October 31, 2024, the total compensation paid to executive management team and Board of Directors amounted to $69,841 (2023 - $181,906) and $9,015 (2023 $36,667), respectively.

b) Other related party transactions

During the periods of nine month and three months ended October 31, 2024, the Company received other revenue from TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, for management and consulting services in the amount of $Nil (2023 - $107,349) and $Nil (2023 - $35,783), respectively.

During the periods of nine month and three months ended October 31, 2024, the Company received other revenue from One System One Solution, S.A., an entity controlled by an officer of the Company, for software development services in the amount of $Nil (2023 - $72,763) and $Nil (2023 - $24,254), respectively.

During the periods of nine months and three months ended October 31, 2024, the Company was charged a software licensing fee by One System One Solution, S.A., an entity controlled by an officer of the Company in the amount of $10,497 (2023 -$34,990) and $Nil (2023 - $10,497), respectively.

During the periods of nine months and three months ended October 31, 2024, the Company was charged by TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in connection with the Company's premises sublease in the amount of $80,186 (2023 - $240,557) and $Nil (2023 - $80,186), respectively.

On May 1, 2024, TheraCann International Benchmark Corporation granted the Company the use of office and warehouse space at no cost for a period of five years. This arrangement qualifies as a related party transaction. Rather than involving direct rental payments, it represents a resource contribution from TheraCann International Benchmark Corporation to Sprout AI in support of its operations.

Included in accounts payable are $38,583 (January 31, 2024 - $36,398) payable to an officer of the Company, received to facilitate the Company's operation

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company´s financial instruments consist of cash, due from related parties, accounts payable and accrued liabilities, loan payable, related party loan payable and due to related parties. Unless otherwise noted, it is management´s opinion that the Company is not exposed to credit, liquidity or market risks arising from these financial instruments.

Credit risk and economic dependence

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on the accounts receivable from its customers and due from related parties. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and regular review of their credit limits. For the nine months and three months periods ended on October 31, 2024 the Company earned $Nil (2023 – $180,416) and $Nil (2023 - $60,159) from related companies.

(Expressed in US Dollars)

As at October 31, 2024, the Company had $304,686 (January 31, 2024 - $289,482) of financial assets carried at amortized cost which were subject to expected credit loss assessment in accordance with IFRS 9. The Company had determined $Nil (January 31, 2024 $Nil) for the allowance for expected credit loss. There is no history of default for those debtors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

The Company anticipates it will need additional capital in the future to finance ongoing operations, such capital to be derived from the exercise of outstanding warrants and/or the completion of other equity financings.

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to fund its operations, although the Company has been successful in the past in financing its activities through the sale of equity securities.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and operational success. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

While the Company has been successful in securing parent company loans in the past, there is no assurance that it will be able to do so in the future. All the Company's liabilities, with the exception of the lease liabilities and non-current portion of the long-term debt, are due within the next 12 months.

October 31, 2024	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL	18,159	0	0	0	0	18,159
Financial assets at amortized cost	304,686	0	0	0	0	304,686
Total	322,845	0	0	0	0	322,845
Financial liabilities						
Other financial liabilities	5,104,472	495,348	0	0	0	5,599,820

January 31, 2024	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL	6,812	0	0	0	0	6,812
Financial assets at amortized cost	289,482	0	0	0	0	289,482
Total	296,294	0	0	0	0	296,294
Financial liabilities						
Other financial liabilities	4,164,781	505,401	0	0	0	4,670,182

Market risk

(Expressed in US Dollars)

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk is the risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets dominated in currencies other than the United States Dollars, absent any Company specific event. Included in the undernoted accounts are the following Canadian dollar balances:

	October 31, 2024	January 31, 2024
Cash	**6,233**	2,929
Due from related parties	**73,278**	35,112
Account payable	**403,381**	463,910

Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact on expected current and future returns. As at October 31, 2024, the amount of $18,159 (January 31, 2024 - $6,812) was held in deposits with financial institutions.

October 31, 2024	**Floating Rate Financial Instruments**	**Fixed Rate Financial Instruments**	**Non-interest bearing**	**Total**
Financial assets				
Financial assets at FVTPL	**18,159**	**0**	**0**	**18,159**
Financial assets at amortized cost	**0**	**0**	**304,686**	**304,686**
	18,159	**0**	**304,686**	**322,845**
Financial liabilities				
Other financial liabilities	**0**	**542,695**	**5,057,125**	**5,599,820**

January 31, 2024	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest bearing	Total
Financial assets				
Financial assets at FVTPL	6,812	0	0	6,812
Financial assets at amortized cost	0	0	289,482	289,482
	6,812	0	289,482	296,294
Financial liabilities				
Other financial liabilities	0	528,004	4,142,178	4,670,182

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest risk or currency risk. The Company is not exposed to any other price risk.

Fair value measurements of financial assets

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, loan payable and due to/from related parties approximate their carrying value due to their short term in nature. The Company's cash is measured at fair value using Level 1 inputs.

23. CAPITAL MANAGEMENT

The Company manages share capital and capital stock reserve as capital. The 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. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management since incorporation. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital for the development of its business and will need to raise additional capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

24. SUBSEQUENT EVENT

On May 29, 2023, Sprout AI Inc. entered into an Amalgamation Agreement with TheraCann International Benchmark Corporation (TIBC). Under the terms of the Agreement, TIBC will acquire the Company in a reverse takeover structure, whereby the Company's operations will be combined. The entities have agreed to a Conversion Ratio of 5.296 which results in TIBC shareholders owning approximately 70% of the common equity post completion. The arrangement is subject to the regulatory authorities' approval and the Company's shareholder approval was obtained at a Special Shareholders Meeting held on August 30, 2024. Following that approval, TIBC has made application to the Canadian Securities Exchange (CSE) to complete the amalgamation process which is expected to complete in June 2025.

In advance of the completion of this amalgamation TIBC has secured a Term Sheet for USD$50M to be used as operating capital to finance pending projects whereby the resulting entity will own, operate, and receive revenue directly from the sale of its produce comprised of vegetables, fruits and mushrooms. This financing will be accessible following the completion of the amalgamation and the CSE's lifting of the "Halt" on Sprout AI's stock trading activities. The terms of that will be incorporated into the definitive agreement for this financing have been submitted to review by the CSE prior to signing which is expected to be completed in June 2025.

25. AMENDED AND RESTATED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Interim condensed consolidated financial statements have been amended and restated in order to be in compliance with IAS 34 – Interim financial reporting to reflect the proper allocation of comparative information.