Sprout AI Inc.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AS AT AND FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2023

(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.
Interim Condensed Consolidated Statements of Financial Position (Unaudited)
(Expressed in US Dollars)

	notes	October 31, 2023	January 31, 2023
ASSETS			
Current			
Cash and cash equivalents		**30,771**	27,770
Inventory	5	**189,615**	31,066
Prepaid expenses		**25,586**	157,905
Due from related party		**192,438**	158,531
		438,410	375,272
Right-of-use assets	6	**600,667**	740,596
Property, plant and equipment	7	**111,137**	211,405
Intangible assets	8	**805,948**	782,684
Total Assets		**1,956,162**	2,109,957
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	**432,948**	852,430
Deferred Revenue	13	**642,459**	656,168
Due to related parties	10	**3,527,253**	2,021,233
Current portion of long-term debt	11	**132,384**	50,236
Current portion of lease liability	12	**213,163**	189,450
		4,948,207	3,769,517
Loan	11	**387,779**	451,923
Lease liabilities	12	**590,556**	753,499
Total liabilities		**5,926,542**	4,974,939
SHAREHOLDERS' EQUITY			
Share capital	15	**6,009,390**	6,009,390
Capital stock reserve	16	**752,552**	752,552
Accumulated deficit		**(10,732,322)**	(9,626,924)
Total Equity		**(3,970,380)**	(2,864,982)
Total liabilities and equity		**1,956,162**	2,109,957

Nature and continuance of operations (Note 1)

Contingencies and commitments (Note 14)

Subsequent events (Note 21)

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

	Notes	Three months ended October 31, 2023	Three months ended October 31, 2022	Nine months Ended October 31, 2023	Nine months Ended October 31, 2022
Revenue					
Service revenue	17	**121**	6,152	**304**	108,332
		121	6,152	**304**	108,332
Cost of sales		**174**	-	**950**	-
Gross profit		**(53)**	6,152	**(646)**	108,332
Expenses					
Payroll expenses		**137,645**	223,729	**482,323**	725,048
Professional fees		**3,867**	103,494	**104,349**	253,890
Interest expense on lease liabilities	12	**32,698**	39,782	**103,658**	124,083
General and office administration		**32,438**	19,427	**53,260**	139,924
Advertising and Promotion		**1,098**	50,241	**3,591**	114,303
Insurance		**901**	16,274	**2,482**	42,194
Licensing fees		**13,360**	10,497	**41,828**	34,990
Financing costs and bank charges	11	**18,931**	689	**27,949**	214
Dues and subscription		**2,909**	9,076	**8,862**	22,757
Taxes paid		**-**	5,164	**-**	25,284
Foreign exchange gains (loss)		**(9,039)**	(5,050)	**(1,562)**	22,798
Depreciation	6,7	**82,432**	83,191	**243,525**	250,352
		317,240	556,514	**1,070,265**	1,755,837
Income/(Loss) before other items		**(317,293)**	(550,362)	**(1,070,911)**	(1,647,505)
Other items					
Other income and expense		**-**	-	**(33,611)**	13,528
Fair value adjustment on loan payable	11	**-**	-	**(876)**	-
Net loss and comprehensive loss		**(317,293)**	(550,362)	**(1,105,398)**	(1,633,977)
Per Share Information					
Net loss per share – basic and diluted		**(0.00)**	(0.01)	**$(0.01)**	$(0.02)
Weighted average number of common shares outstanding		**90,964,806**	90,964,806	**90,964,806**	90,964,806

Sprout AI Inc.
Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
(Expressed in US Dollars)

	Note	Number of common shares	Share Capital Amounts	Capital Stock Reserve	Deficit	Total equity
At January 31, 2022		90,964,806	6,009,390	752,552	(8,298,280)	(1,536,338)
Net loss and comprehensive loss		-	-	-	(1,328,644)	(1,328,644)
At January 31, 2023		90,964,806	6,009,390	752,552	(9,626,924)	(2,864,982)
Net loss and comprehensive loss		**-**	**-**	**-**	**(1,105,398)**	**(1,105,398)**
At October 31, 2023		**90,964,806**	**6,009,390**	**752,552**	**(10,732,322)**	**(3,970,380)**

Sprout AI Inc.
Consolidated Statement of Cashflows (Unaudited)
(Expressed in US Dollars)

	Three months ended October 31,		Nine months ended October 31,	
	2023	2022	**2023**	2022
Operating Activities				
Income/(loss) for the period	**(317,293)**	(550,362)	**(1,105,398)**	(1,633,977)
Items not affecting cash:				
Depreciation and amortization	**82,432**	83,191	**243,525**	250,352
Interest expense on lease liabilities	**32,698**	39,782	**103,658**	124,083
Fair value adjustment on loan payable	**-**	-	**876**	-
Interest expense on loan payable	**7,750**	-	**22,128**	-
	(194,413)	(427,389)	**(735,211)**	(1,259,542)
Changes in non-cash working capital				-
Accounts receivable	**-**	(1,506)	**-**	(38,281)
Inventory	**5,142**	-	**5,479**	(173,037)
Prepaid expenses	**(3,897)**	92,077	**(31,710)**	100,408
Due from related parties	**(39,066)**	12,518	**(33,908)**	(278,130)
Accounts payable and accrued liabilities	**(205,121)**	242,260	**(419,487)**	377,721
Deferred revenue	**-**	110,445	**(13,709)**	628,813
Net change in non-cash working capital related to operations	**(242,942)**	455,794	**(493,335)**	617,494
Cash flows used in continuing operating activities	**(437,355)**	28,405	**(1,228,546)**	(642,048)
Investing Activities				
Purchase of property and equipment	**(3,534)**	970	**(5,336)**	(5,272)
Purchase of intangible assets	**(5,810)**	(18,135)	**(23,264)**	(94,306)
Cash flows used in investing activities	**(9,344)**	(17,165)	**(28,600)**	(99,578)
Financing Activities				
Lease liability repayments	**(79,204)**	(82,470)	**(240,878)**	(242,888)
Proceeds from loan payable	**-**	-	**-**	520,000
Repayment of loan payable	**(5,000)**	-	**(5,000)**	-
Increase (decrease) in due to related parties	**475,126**	44,659	**1,506,025**	123,685
Cash flows from financing activities	**390,922**	(37,811)	**1,260,147**	400,797
Increase/(decrease) in cash and cash equivalents	**(55,777)**	(26,571)	**3,001**	(340,829)
Cash and cash equivalents, beginning of period	**86,548**	27,494	**27,770**	341,752
Cash and cash equivalents, end of period	**30,771**	923	**30,771**	923

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 789 West Pender Street, Suite 810, Vancouver, BC, V6C 1H2. 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 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 International Business Park Unit 5B, Building 3860, Panama Pacifico, Republic of Panama. Sprout was registered in the Panama Pacifico Special Economic Area according to the Administrative Resolution No. 339-19 on October 7, 2019.

These 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, 2023	January 31, 2023
	$	$
Deficit	**(10,732,322)**	(9,626,924)
Working Capital	**(4,509,797)**	(3,394,245)

The Company anticipates that losses will be incurred in future periods. If the Company is to continue as a going concern and meet its corporate objectives, it will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

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

The Interim 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, 2023 and the notes thereto (the "Annual Financial Statements"). The Interim 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 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.

In the period ended January 31, 2022, the Company changed its year end to January 31, 2022, as approved by the CSE. As a result, the Company reported consolidated financial statements for a fifteenth month period from November 1, 2020 to January 31, 2022 with comparative figures of 12 months ended October 31, 2020 of the continuing entity.

The Interim Financial Statements were approved and authorized for issue by the Audit Committee of the Board of Directors on December 28, 2023.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Sprout AI S.A. (legal acquiree) and Sprout AI Australia PTY.

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

A subsidiary is an entity controlled by the Company and is included in the 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.

These consolidated financial statements account for the Company as a controlled entity requiring consolidation since the date of the RTO (see note 4), effective June 1, 2021.

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

Presentation and functional currency

All amounts on the 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.

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 is in conformity with International Financial Reporting Standards ("IFRS") and 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.

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.

(Expressed in US Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant 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 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, 2023, 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 financial statements.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. REVERSE TAKEOVER

On June 1, 2021, the Company and Sprout completed a Transaction which constituted a RTO.

The Transaction resulted in the shareholder of Sprout obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making process, and the resulting power to govern the financial and operating policies of the combined entities.

In accordance with IFRS 3, the substance of the acquisition is a reverse acquisition as the shareholder of Sprout holds the majority of the shares of the Company. The acquisition of the Company does not constitute a business combination as the Company does not meet the definition of a business under IFRS 3. As a result, the acquisition is accounted for in accordance with IFRS 2, with Sprout being identified as the acquirer and the net assets of the Company deemed acquired. The consideration of the Transaction is measured at fair value of the shares and warrants of the Company that are outstanding immediately before the Transaction. The excess of consideration over the fair value of net assets acquired has been recorded as a listing expense, consistent with IFRS 3.

The table below summarizes the fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

Net assets (liabilities) of Sprout AI Inc. acquired:	June 30, 2021
Cash	1,582,210
Loan receivable	548,340
Accounts payable and accrued liabilities	(26,609)
Net assets acquired	2,103,941
Consideration paid on RTO:	
Common shares issued and outstanding to the shareholders of Sprout AI Inc. (i)	3,953,502
Performance base warrants issued to the shareholder of Sprout AI S.A. (ii)	752,552
Special warrants issued and outstanding, note 16	1,661,130
Total consideration paid	6,367,184
Allocation of consideration paid:	
Net assets acquired	2,103,941
Listing expense	4,263,243
	6,367,184

As part of the RTO, 100 shares of Sprout were acquired by the Company.

(Expressed in US Dollars)

i). Based on 28,000,100 of outstanding shares immediately preceding the Transaction, valued at $0.1412 USD ($0.17 CDN) per share on the non brokered private placement of special warrants.

ii). Upon completion of the Transaction, the Company will issue 10,000,000 performance-based share purchase warrants.

The PB Warrants have been valued at $752,552 on June 1, 2021, using 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:

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

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, 2023 was $Nil (January 31, 2023 $302,855).

	October 31, 2023	January 31, 2023
Raw materials	**20,670**	23,692
Work in process	**-**	-
Finished product	**4,916**	7,374
	25,586	31,066

6. RIGHT OF USE ASSETS

Sprout's building is located in Panama Pacifico, Panama and it is comprised of both a two-level open office concept as well as a warehouse designed for large scale manufacturer, quality assurance, packaging, and shipping of Sprout AI directly to the Panama Canal. The total building occupies 37,500 sq. ft (3,500 sq.m.).

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, 2023 (January 31, 2023 -$Nil).

Cost	**Building**	**Equipment**	**Total**
Balance as at January 31, 2022	1,471,146	9,042	1,480,188
Balance as at January 31, 2023	1,471,146	9,042	1,480,188
Balance as at October 31, 2023	**1,471,146**	**9,042**	**1,480,188**

Accumulated depreciation	**Building**	**Equipment**	**Total**
Balance as at January 31, 2022	551,680	1,004	552,684
Depreciation	183,893	3,015	186,908
Balance as at January 31, 2023	735,573	4,019	739,592
Depreciation	**137,920**	**2,009**	**139,929**
Balance as at October 31, 2023	**873,493**	**6,028**	**879,521**

Carrying amounts	**Building**	**Equipment**	**Total**
Balance as at January 31, 2023	735,573	5,023	740,596
Balance as at October 31, 2023	**597,653**	**3,014**	**600,667**

(Expressed in US Dollars)

7. PROPERTY AND EQUIPMENT

Cost	**Equipment**	**Leasehold improvements**	**Total**
As at January 31, 2022	664,634	2,044	666,678
Additions	5,349	-	5,349
Disposals	(40,975)	-	(40,975)
As at January 31, 2023	629,008	2,044	631,052
Additions	**3,318**	**-**	**3,318**
As at October 31, 2023	**632,326**	**2,044**	**634,370**
Accumulated depreciation, depletion and amortization	**Equipment**	**Leasehold improvements**	**Total**
Balance as at January 31, 2022	298,135	114	298,249
Depreciation	121,058	340	121,398
As at January 31, 2023	419,193	454	419,647
Depreciation	**103,330**	**256**	**103,586**
As at October 31, 2023	**522,523**	**710**	**523,233**
Net book value	**Equipment**	**Leasehold improvements**	**Total**
January 31, 2023	209,815	1,590	211,405
October 31, 2023	**109,803**	**1,334**	**111,137**

Management regularly assesses the property and equipment for impairment indicators and has determined that no impairment is required for the period ended October 31, 2023 (January 31, 2023 - $Nil).

8. INTANGIBLE ASSETS

Cost	**Patent**	**Trademark**	**Product Development**	**Total**
Balance as at January 31, 2022	5,000	19,335	451,586	475,921
Additions	270	20,317	286,176	306,763
Balance as at January 31, 2023	5,270	39,652	737,762	782,684
Additions	**7,250**	**12,000**	**4,014**	**23,264**
Balance as at October 31, 2023	**12,520**	**51,652**	**741,776**	**805,948**

Accumulated amortization	**Patent**	**Trademark**	**Product Development**	**Total**
Balance as at January 31, 2022	-	-	-	-
Amortization	-	-	-	-
Balance as at January 31, 2023	-		-	-
Amortization	**-**	**-**	**-**	**-**
Balance as at October 31, 2023	**-**	**-**	**-**	**-**

Net book value	**Patent**	**Trademark**	**Product Development**	**Total**
January 31, 2023	5,270	39,652	737,762	782,684
October 31, 2023	**12,520**	**51,652**	**741,776**	**805,948**

Development costs consist of the cost of developing a prototype for its Sprout AI habitat. As at October 31, 2023, intangible assets are not available for use and there is $Nil (January 31, 2023 - $Nil) amortization changes for the year ended January 31, 2023.

Management regularly assesses intangible assets for impairment indicators and has determined that no impairment is required for the period ended October 31, 2023 (January 31, 2023 - $Nil)

(Expressed in US Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2023	January 31, 2023
Trade accounts payable	**416,555**	654,962
Accrued liabilities	**8,934**	71,455
Government remittances payable	**7,459**	126,013
	432,948	852,430

10. RELATED PARTY TRANSACTIONS

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 period, the total compensation paid to executive management team and Board of Directors amounted to $106,573 (January 31, 2023 - $272,729).

b) Other related party transactions:

During the period, the Company received deposits from TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in the amount of $17,994 (January 31, 2023 - $692,743). Sales revenue was recognized from deferred revenue in the amount of $Nil (January 31, 2023 - $575,434) for Habitat parts delivered during 2023. Cost of sales associated with the sales is $950 (January 31, 2023 - $302,855).

During the period, the Company received other revenue from TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2023 - $163,055) for management and consulting services provided during 2023.

During the year, the Company received other revenue from TheraCann Africa Benchmark Corporation, an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2023 - $6,152) for management and consulting services provided during 2023.

During the year, the Company received other revenue from TheraCann Australia Benchmark Pty Ltd., an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2023 - $6,500) for shipping services provided during 2023.

During the year, the Company received other revenue from One System One solution, S.A., an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2023 - $106,877) for software development services provided during 2023. During the year, the Company was charged a software licensing fee in the amount of $34,990 (January 31, 2023 - $41,988) by One System One Solution, S.A., an entity controlled by an officer of the Company.

During the year, the Company was charged $240,557(January 31, 2023 - $320,742) by TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in connection with the Company's premises sublease.

As at October 31, 2023 and January 31, 2023, the Company had amounts due from (to) related parties, which are controlled by an officer of the Company.

Included in accounts payable are $60,200 (January 31, 2023 $79,577) payable to officers of the Company, received to facilitate the Company's operation.

(Expressed in US Dollars)

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

Due from related parties	**October 31, 2023**	January 31, 2023
Theracann Canada Benchmark Ltd.	**25,337**	33,816
ETCH BioTrace, S.A.	**44,284**	6,272
One System One Solution, S.A.	**122,817**	118,443
	192,438	158,531

Due to related parties	**October 31, 2023**	January 31, 2023
Theracann International Benchmark Corporation	**3,407,425**	1,933,312
Theracann Australia Benchmark Pty Ltd.	**91,476**	80,430
Theracann Canada Inc.	**28,352**	7,491
	3,527,253	2,021,233

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. LONG TERM DEBT

In March 2022, the Company entered into a 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 to reflect updated terms for repayment. The loan will be repaid starting on August 2023, and over a period of three years with equal monthly installments of $16,000, with one $80,000 payment in December 2024. The loan will be extinguished in full in July 2026. The Company obtained a deferral of the payments until early 2024 at which time when repayments resume, the repayment amount will be increased in order to catch up to the existing payment schedule.

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.

Balance as at January 31, 2022	-
Proceeds received during the year	520,000
Fair value adjustment	(42,272)
Interest expense	24,431
Balance as at January 31, 2023	502,159
Fair value adjustment	**876**
Repayments	**(5,000)**
Interest expense	**22,128**
Balance as at October 31, 2023	**520,163**

	October 31, 2023	January 31, 2023
Current portion of long-term debt	**132,384**	50,236
Long-term portion of long-term debt	**387,779**	451,923
	520,163	502,159

As at October 31, 2023, the Company had the following outstanding long-term debt:

	Maturity	**Rate**	**October 31, 2022**
Loan	30-Oct-25	6.00%	520,163
			520,163

(Expressed in US Dollars)

Principal and accrued interest payments are as follows:

2024	26,973
2025	232,257
2026	181,940
2027	84,207
Total payments	525,378

To date, the Company has not made interest or principal payments on the debt.

12. 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. The Company has determined that it is reasonably certain to exercise this extension period and has therefore included the future lease payments in the extension term when measuring the lease liability and right-of-use asset. The monthly lease charge is $26,729 which is subject to a variable maintenance charge and a variable 10% late fee. 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.

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:

The following table details the discounted cash flows of the Company´s lease obligations as at October 31, 2023:

	Building	**Equipment**	**Total**
Balance as at January 31, 2022	1,096,537	8,063	1,104,600
Interest	162,070	129	162,199
Lease payments	(320,741)	(3,109)	(323,850)
Balance as at January 31, 2023	937,866	5,083	942,949
Interest	**103,601**	**57**	**103,658**
Lease payments	**(240,558)**	**(2,330)**	**(242,888)**
Balance as at October 31, 2023	**800,909**	**2,810**	**803,719**
Current portion	210,353	2,810	213,163
Long-term portion	590,556	-	590,556
	800,909	2,810	803,719

The following table sets out the maturity analysis of lease payments, showing the discounted lease payments to be made as at October 31, 2022:

ROU Lease liabilities	Total
2023	80,963
2024	322,814
2025	320,742
2026	294,014
Total contractual cash flows	1,018,533
Interest	(214,814)
Lease liability	803,719

(Expressed in US Dollars)

13. 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, 2023	January 31, 2023
Balance - Beginning of period	**656,168**	507,157
Deposits during the year	**17,994**	724,445
Reclass to related parties	**(31,703)**	-
Revenue recognized during the period	**-**	(575,434)
Balance - End of period	**642,459**	656,168

On May 31, 2021, Sprout received from TheraCann International Benchmark Corporation a purchase order for 140 units in connection with company-owned growing habitats. A deposit of $507,157 has been received from TheraCann Australia Benchmark Pty Ltd. for this sale.

During the quarter ended October 31, 2023, the Company received a deposit of $17,994 from TheraCann Australia Benchmark Pty Ltd.

During the year ended January 31, 2023, the Company received $692,742 from TheraCann International Benchmark Corporation for the afore-mentioned purchase order, which was amended to 75 units. The Company recognized $575,434 of products sales upon delivery.

During the year ended January 31, 2023, the Company received $31,703 from TheraCann Canada Inc. to provide back-office services.

14. CONTINGENCIES AND COMMITMENTS

a) The Company is committed to minimum annual rental payments on its premises as following:

2024	160,371
2025	320,742
2026	320,742
2027	294,014
Total	1,095,869

b) The Company is committed to equipment rental payments as following:

2024	1,554
2025	2,072
Total	3,626

c) The Company has received statements of claim with respect to allegations of wrongful dismissal by certain employees in the amount of $318,958. In the opinion of the Company's management, the claims are without merit and any settlement will not have a material impact on the financial position, operations or cash flows of the Company. Accordingly, no provision has been recorded in these consolidated financial statements.

(Expressed in US Dollars)

15. SHARE CAPITAL

The following is a summary of the share transactions:

	Number of common shares	**Amounts**
At January 31, 2022	90,964,806	6,009,390
At January 31, 2023	**90,964,806**	**6,009,390**
At October 31, 2023	**90,964,806**	**6,009,390**

16. CAPITAL STOCK RESERVE

The company issued 10,000,000 of PB warrants pursuant to RTO with an estimated fair value of $752,552 (January 31, 2023 - $752,552) using the Black Scholes option pricing model. The reserve is increased by the fair value on issuance of warrants and is reduced by corresponding amounts when the warrants are exercised.

17. 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 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 in March 2022 and the time value of money of the future repayments discounted at an inputted interest rate of 6% per annum.

18. 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 year ended October 31, 2023, the Company derived 100% (January 31, 2023 - 100%) of revenue from related entities, which are controlled by an officer of the Company. As at October 31, 2023, 100% (January 31, 2023 - 100%) of non-current assets (other than financial instruments) are located in Panama.

(Expressed in US Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company´s financial instruments consist of cash, accounts receivable and other, due from related parties, accounts payable and accrued liabilities 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. As at October 31, 2023, 100% (January 31, 2023 - 100%) of the contracted revenues are from four (January 31, 2023 - four) related companies.

As of October 31, 2023, the Company had $192,438 (January 31, 2023 $158,531) 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, 2023 $Nil) for the allowance for expected credit loss as $Nil (January 31, 2023 $Nil) of the balance was due and collected within 30 days and $192,438 (January 31, 2023 $158,531) was due within 12 months. There was 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, 2023	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL	**86,548**	**-**	**-**	**-**	**-**	**86,548**
Financial assets at amortized cost	**153,373**	**-**	**-**	**-**	**-**	**153,373**
Total	**239,921**	**-**	**-**	**-**	**-**	**239,921**
Financial liabilities						
Other financial liabilities	**3,836,705**	**351,720**	**16,237**	**-**	**-**	**4,204,662**

(Expressed in US Dollars)

January 31, 2023	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL	27,770	-	-	-	-	27,770
Financial assets at amortized cost	158,531	-	-	-	-	158,531
Total	186,301	-	-	-	-	186,301
Financial liabilities						
Other financial liabilities	2,797,886	419,767	32,156	-	-	3,249,809

Market risk

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, 2023	January 31, 2023
Cash	**21,672**	(227)
Due from related parties	**35,145**	35,145
Account payable	**430,100**	545,552

Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at October 31, 2023, the amount of $319,589 (January 31, 2023 - $27,770) was held in deposits with financial institutions.

October 31, 2023	**Floating Rate Financial Instruments**	**Fixed Rate Financial Instruments**	**Non-interest bearing**	**Total**
Financial assets				
Financial assets at FVTPL	**86,548**	**-**	**-**	**86,548**
Financial assets at amortized cost	**-**	**-**	**153,373**	**153,373**
	86,548	**-**	**153,373**	**239,921**
Financial liabilities				
Other financial liabilities	**-**	**517,413**	**3,687,249**	**4,204,662**

(Expressed in US Dollars)

January 31, 2023	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest bearing	Total
Financial assets				
Financial assets at FVTPL	27,770	-	-	27,770
Financial assets at amortized cost	-	-	158,531	158,531
	27,770	-	158,531	186,301
Financial liabilities				
Other financial liabilities	-	502,159	2,747,650	3,249,809

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.

20. 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.

21. SUBSEQUENT EVENT

On May 29, 2023, Sprout AI Inc. entered into an Amalgamation Agreement with TheraCann International Benchmark Corporation. Under the terms of the Agreement, TIBC will acquire the Company in a reverse takeover structure, whereby the companies 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 which was to be obtained at a Special Shareholders Meeting tentatively scheduled in July 2023. This meeting was postponed due to unforeseen circumstances and will be rescheduled in, 2024.