Sprout AI Inc.

(formerly 1262803 B.C. LTD.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AS AT AND FOR THE THREE MONTHS ENDED APRIL 30, 2022

(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. (formerly 1262803 B.C. LTD.)
Interim Condensed Consolidated Statements of Financial Position (Unaudited)
(Expressed in US Dollars)

	notes	**April 30, 2022**	January 31, 2022
ASSETS			
Current			
Cash and cash equivalents		**248,044**	341,752
Accounts receivable		**43,249**	43,055
Inventory	5	**336,104**	167,453
Prepaid expenses		**342,782**	282,321
Due from related party		**332,603**	50,499
		1,302,782	885,080
Right-of-use assets	6	**880,777**	927,504
Property, plant and equipment	7	**335,225**	368,429
Intangible assets	8	**551,020**	475,921
Total Assets		**3,069,804**	2,656,934
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**443,248**	328,619
Deferred Revenue	9	**836,412**	507,157
Due to related parties	10	**2,367,973**	2,252,896
Current portion of long-term debt	11	**81,898**	-
Current portion of lease liability	12	**168,188**	161,651
		3,897,719	3,250,323
Loan	11	**438,102**	-
Lease liabilities	12	**898,370**	942,949
Total liabilities		**5,234,191**	4,193,272
SHAREHOLDERS' EQUITY			
Share capital		**6,009,390**	6,009,390
Capital stock reserve		**752,552**	752,552
Accumulated deficit		**(8,926,329)**	(8,298,280)
Total Equity		**(2,164,387)**	(1,536,338)
Total liabilities and equity		**3,069,804**	2,656,934

Nature and continuance of operations (Note 1)

Sprout AI Inc. (formerly 1262803 B.C. LTD.)
Interim Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in US Dollars)

	Notes	Three months ended April 30, 2022	2021
Expenses			
Advertising and Promotion		**32,046**	-
Financing costs and bank charges	11	**809**	492
Dues and subscription		**6,230**	-
Professional fess		**77,873**	36,191
General and office administration		**44,898**	7,538
Payroll expenses		**282,774**	-
Insurance		**12,585**	-
Interest expense on lease liabilities	12	**42,919**	48,432
Taxes paid		**15,399**	84
Foreign exchange gains (loss)		**(2,692)**	-
Licensing fees		**13,996**	10,497
Amortization and depreciation	6,7	**83,998**	78,969
		610,835	182,203
Income/(Loss) before other items		**(610,835)**	(182,203)
Other items			
Other income and expense		**9,939**	-
Net income/(loss) for the period		**(600,896)**	(182,203)
Other Comprehensive Loss			
Exchange differences on translation of foreign operations		**(27,153)**	-
Total comprehensive loss		**(628,049)**	(182,203)
Per Share Information			
Net loss per share – basic and diluted		**$(0.01)**	$(1,822.03)
Weighted average number of common shares outstanding		**90,964,806**	100

Sprout AI Inc. (formerly 1262803 B.C. LTD.)
Interim Condensed 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
Balance, October 31, 2019		100	10,000	-	(1,067,485)	(1,057,485)
Net loss and comprehensive loss		-	-	-	(768,523)	(768,523)
Balance, October 31, 2020		100	10,000	-	(1,836,008)	(1,826,008)
Reverse acquisition transaction						
Common shares acquired from legal subsidiary		(100)	-	-	-	-
Equity of Sprout AI Inc.		28,000,100	536,391	1,560,306	-	2,096,697
Elimination of equity of Sprout AI Inc.		-	(536,391)	(1,560,306)	-	(2,096,697)
Issuance of common shares pursuant to reverse takeover ("RTO")		50,000,000	3,953,502	-	-	3,953,502
Warrants assumed pursuant to RTO		-	-	1,661,130	-	1,661,130
Issuance of performance-based warrants pursuant to RTO		-	-	752,552	-	752,552
Common shares issued on exercise of special warrants		11,764,706	1,661,130	(1,661,130)	-	-
Common shares issued on closing of private placements		500,000	20,233	-	-	20,233
Common shares issued on closing of private placements		700,000	364,525	-	-	364,525
Net loss and comprehensive loss		-	-	-	(6,462,272)	(6,462,272)
At January 31, 2022		90,964,806	6,009,390	752,552	(8,298,280)	(1,536,338)
Net loss and comprehensive loss		**-**	**-**	**-**	**(628,049)**	**(628,049)**
At April 30, 2022		**90,964,806**	**6,009,390**	**752,552**	**(8,926,329)**	**(2,164,387)**

Sprout AI Inc. (formerly 1262803 B.C. LTD.)
Consolidated Statement of Cashflows (Unaudited)
(Expressed in US Dollars)

	Notes	Three months ended April 30, 2022	2021
Operating Activities			
Income/(loss) for the period		**(600,896)**	(182,203)
Items not affecting cash:			
Depreciation and amortization	6,7	**83,998**	78,969
Financing costs	11,12	**42,919**	48,432
Foreign exchange loss		**(2,692)**	-
		(476,671)	(54,802)
Changes in non-cash working capital			
Accounts receivable other		**(195)**	-
Due from related parties	10	**(282,104)**	(82,444)
Prepaid expenses		**(60,462)**	-
Inventory	5	**(168,651)**	-
Accounts payable and accrued liabilities		**90,170**	113,855
Due to related parties	10	**115,077**	82,384
Customer deposits		**329,255**	-
Net change in non-cash working capital related to operations		**23,090**	113,795
Cash flows used in continuing operating activities		**(453,581)**	58,993
Investing Activities			
Purchase of property and equipment	7	**(4,820)**	-
Purchase of intangible assets	8	**(75,098)**	-
Cash flows used in investing activities		**(79,918)**	-
Financing Activities			
Proceeds of long-term debt net of deferred financing costs	11	**520,000**	-
Lease liability repayments	12	**(80,209)**	(48,432)
Cash flows from financing activities		**439,791**	(48,432)
Increase/(decrease) in cash and cash equivalents		**(93,708)**	10,561
Impact of foreign exchange on cash balances		**-**	-
Cash and cash equivalents, beginning of period		**341,752**	8,011
Cash and cash equivalents, end of period		**248,044**	18,572

(Expressed in US Dollars)

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 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 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.

On December 8, 2020 (and as completed on June 1, 2021), the Company entered into a Securities Exchange Agreement (the "Definitive Agreement") with the shareholder of Sprout (Note 4). Pursuant to the Definite Agreement, the Company acquired all the outstanding securities of Sprout in consideration collectively (the "Transaction") for the following:

1. 50,000,000 common shares of the Company;
2. 10,000,000 performance based share purchase warrants (the "PB Warrants") of the Company. Each warrant will entitle the holder to purchase an additional common share of the Company at an exercise price of $0.17 CAD for a period of three years. These warrants vest as follows:
    a) One third vesting upon the Company realizing $3,000,000 CAD in total revenue;
    b) One third vesting upon the Company realizing $6,000,000 CAD in total revenue; and
    c) One third vesting upon the Company realizing $9,000,000 CAD in total revenue.

The transaction constitutes a reverse takeover ("RTO") of the Company with Sprout being the acquirer for accounting purposes. Accordingly, these consolidated financial statements are a continuation of Sprout, with the net assets (liabilities) of the Company being consolidated from June 1, 2021, as well as the Company's operating results from that date onward. The comparative figures are those of Sprout.

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 deficit and working capital of the Company are as follows:

	April 30, 2022	January 31, 2022
	$	$
Deficit	**(8,926,329)**	(8,298,280)
Working Capital	**(2,594,937)**	(2,365,243)

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.

Since March 2020, several measures have been implemented in Panama and the rest of the world in response to the increased impact from novel coronavirus (COVID 19). The Company and Sprout AI continue to operate their business at this time. While the impact of COVID 19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID 19 on business operations cannot be reasonably estimated at this time. The impact of COVID 19 on the Company's business, results of operations, financial position and cash flows in future periods cannot be determined at this time.

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 fifteen months ended January 31, 2022 and the year ended October 31, 2020 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.

Sprout's reverse takeover of the Company accordingly includes in the consolidated financial statements a continuation of Sprout. All prior period comparative amounts are those of Sprout and include the results of the Company from the date of acquisition on June 1, 2021.

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 October 26. 2022.

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 (notes 1 and 4), effective June 1, 2021.

Inter company balances and transactions, and any unrealized income and expenses arising from inter company 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.

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 April 30, 2022, 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.

(Expressed in US Dollars)

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 31, 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.

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 as described in Note 1.

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

(Expressed in US Dollars)

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 April 30, 2022 was $Nil (January 31, 2022 $Nil).

	April 30, 2022	January 31, 2022
Raw materials	**176,228**	163,237
Work in process	**36,968**	4,216
Finished product	**122,908**	-
	336,104	167,453

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 April 30, 2022 (January 31, 2022 -$Nil).

Cost	**Building**	**Equipment**	**Total**
Balance as at November 1, 2020	1,471,146	-	1,471,146
Additions	-	9,042	9,042
Balance as at January 31, 2022	1,471,146	9,042	1,480,188
Balance as at April 30, 2022	**1,471,146**	**9,042**	**1,480,188**

Accumulated depreciation	**Building**	**Equipment**	**Total**
Balance as at November 1, 2020	321,813	-	321,813
Depreciation	229,867	1,004	230,871
Balance as at January 31, 2022	551,680	1,004	552,684
Depreciation	**45,973**	**754**	**46,727**
Balance as at April 30, 2022	**597,653**	**1,758**	**599,411**

Carrying amounts	**Building**	**Equipment**	**Total**
Balance as at January 31, 2022	919,466	8,038	927,504
Balance as at April 30, 2022	**873,493**	**7,284**	**880,777**

(Expressed in US Dollars)

7. PROPERTY AND EQUIPMENT

Cost	**Equipment**	**Leasehold improvements**	**Total**
Balance as at November 1, 2020	433,302	106,871	540,173
Reclassification	106,871	(106,871)	-
Additions	202,773	2,044	204,817
Disposals	(78,312)	-	(78,312)
Balance as at January 31, 2022	**664,634**	**2,044**	**666,678**
Additions	**4,066**	**-**	**4,066**
As at April 30, 2022	**668,700**	**2,044**	**670,744**

Accumulated depreciation, depletion and amortization	**Equipment**	**Leasehold improvements**	**Total**
Balance as at November 1, 2020	149,219	17,862	167,081
Reclassification	17,862	(17,862)	-
Depreciation	169,763	114	169,877
Disposals	(38,709)	-	(38,709)
Balance as at January 31, 2022	298,135	114	298,249
Depreciation	**37,185**	**85**	**37,270**
As at April 30, 2022	**335,320**	**199**	**335,519**

Net book value	**Equipment**	**Leasehold improvements**	**Total**
January 31, 2022	366,499	1,930	368,429
April 30, 2022	**333,380**	**1,845**	**335,225**

Management regularly assesses the property and equipment for impairment indicators and has determined that no impairment is required for the period ended April 30, 2022 (January 31, 2022 - $Nil).

8. INTANGIBLE ASSETS

Cost	**Patent**	**Trademark**	**Product Development**	**Total**
Balance as at November 1, 2020	-	-	-	-
Additions	5,000	19,335	451,586	475,921
Balance as at January 31, 2022	5,000	19,335	451,586	475,921
Additions	**270**	**19,567**	**55,262**	**75,099**
As at April 30, 2022	**5,270**	**38,902**	**506,848**	**551,020**

Accumulated amortization	Patent	Trademark	Product Development	Total
Balance as at November 1, 2020	-	-	-	-
Amortization	-	-	-	-
Balance as at January 31, 2022	-		-	-
Amortization	**-**	**-**	**-**	**-**
As at April 30, 2022	**-**	**-**	**-**	**-**
Net book value				
January 31, 2022	5,000	19,335	451,586	475,921
April 30, 2022	**5,270**	**38,902**	**506,848**	**551,020**

Development costs consist of the cost of developing a prototype for its Sprout AI habitat.

Management regularly assesses intangible assets for impairment indicators and has determined that no impairment is required for the period ended April 30, 2022 (January 31, 2022 - $Nil)

(Expressed in US Dollars)

9. DEFERRED REVENUE

Deferred revenue is comprised of costumer 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.

	April 30, 2022	January 31, 2022
Balance - Beginning of period	**507,157**	-
Additions	**329,255**	507,157
Balance - End of period	**836,412**	507,157

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 $836,412 has ben received from TheraCann Australia Benchmark Pty Ltd. For this sale. The Project may require up to a total of 660 Units to be delivered by the Company.

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 $72,287 (January 31, 2022 - $195,380).

b) Other related party transactions:

Deferred revenues - related parties	**April 30, 2022**	**January 31, 2022**
Theracann International Benchmark Corp	**836,412**	507,157
	836,412	507,157

Software licensing fees for the period ended:	**April 30, 2022**	**January 31, 2022**
One System One Solution, S.A., a wholly owned subsidiary of the parent company	**13,996**	52,485
	13,996	52,485

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

Due from related parties	**April 30, 2022**	January 31, 2022
Theracann Australia Benchmark Pty Ltd.	**6,012**	4,966
Theracann Canada Benchmark Corporation	**6,332**	412
Theracann Canada Inc.	**17,419**	14,071
ETCH BioTrace, S.A.	**6,272**	5,590
Theracann International Benchmark Corporation	**296,568**	-
One System One Solution, S.A.	**-**	25,460
	332,603	50,499

Due to related parties	**April 30, 2022**	January 31, 2022
One System One Solution, S.A.	**51,050**	-

(Expressed in US Dollars)

Theracann International Benchmark Corporation	**2,281,659**	2,241,634
Christopher Bolton	**35,264**	11,262
	2,367,973	2,252,896

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

On March 7, 2022 the Company entered in to a Commercial Loan Agreement for a $520,000 loan, for general operating capital of the Company, the loan is secured with all property, real, personal or mixed. The loan will be repaid monthly over 36 months starting Nov 1, 2022, with interest expense being accrued once repayments start. The loan bears interest in the amount of 6% annually.

As at April 30, 2022, the Company had the following outstanding long-term debt:

	Maturity	Rate	April 30, 2022
Loan	30-Oct-25	6.00%	**520,000**
			520,000

	April 30, 2022
Current portion of long-term debt	81,898
Long-term portion of long-term debt	438,102
	520,000

Principal payment are as follows:

Year one	81,898
Year two	171,335
Year three	181,902
Year four	84,865
Total payments	520,000

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 an 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:

(Expressed in US Dollars)

The following table details the discounted cash flows of the Company´s lease obligations as at April 30, 2022:

	Building	**Equipment**	**Total**
Balance as at October 31, 2021	1,132,369	8,798	1,141,167
Interest	44,354	41	44,395
Lease payments	(80,186)	(776)	(80,962)
Balance as at January 31, 2022	1,096,537	8,063	1,104,600
Interest	**42,881**	**38**	**42,919**
Lease payments	**(80,183)**	**(778)**	**(80,961)**
Balance as at April 30, 2022	**1,059,235**	**7,323**	**1,066,558**
Current portion	**165,193**	**2,995**	**168,188**
Long-term portion	**894,042**	**4,328**	**898,370**
	1,059,235	**7,323**	**1,066,558**

The following table sets out the maturity analysis of lease payments, showing the discounted lease payments to be made as at April 30, 2022:

ROU Lease liabilities	Total
2022	242,888
2023	323,850
2024	322,814
2025	320,742
2026	294,014
Total contractual cash flows	1,504,308
Interest	(437,750)
Lease liability	1,066,558

13. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value. All issued shares are fully paid. On the incorporation date on August 25, 2020, the Company issued 100 shares at nominal value.

Sprout was incorporated on November 19, 2018, with an authorized share capital of $10,000, which is divided into 100 common shares with a par value of $100 each.

On August 31, 2020, the Company closed a non brokered private placement offering of 9,500,000 units at a price of $0.005 CAD per unit for gross proceeds of $47,500 CAD ($36,072 USD). Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share, for a period of twelve months at an exercise price of $0.02 CAD per warrant. A value of $Nil was assigned to the warrants.

On September 10, 2020, the Company closed a non brokered private placement offering of 5,000,000 common shares at a price of $0.05 CAD per common share for gross proceeds of $250,000 CAD ($189,854 USD).

On November 18, 2020, the Company closed a non brokered private placement offering of 2,000,000 common shares at a price of $0.05 CAD per common share for gross proceeds of $100,000 CAD ($75,942 USD).

On December 2, 2020, the Company closed a non brokered private placement offering of 2,000,000 common shares at a price of $0.05 CAD per common share for gross proceeds of $100,000 CAD ($77,316 USD).

On February 2, 2021, the Company closed a non brokered private placement offering consisting of 11,764,706 special warrants of the Company (each, a "Special Warrant") at $0.17 CAD per Special Warrant for gross proceeds of $2,000,000 CAD ($1,560,306 USD). Each Special Warrant entitles the holder thereof to acquire, without payment of any additional consideration and without any action by the holder, one common share (each, a "Special Warrant Share") in the capital of the Company. Also, each Special Warrant will automatically convert into a common share on the earlier of: (i) the first business day following the day on which a receipt for a final prospectus has been issued to the Company by or on behalf of the securities regulatory authorities in a province of Canada or such other jurisdiction(s) as may be determined by the Company and (ii) the 240th day following the issuance of the Special Warrants.

On May 31, 2021, the Company issued 9,500,000 common shares upon exercise of warrants for gross proceeds of $190,000 CAD ($157,207 USD).

On June 1, 2021, Sprout completed the RTO with the Company and 50,000,000 Company common shares were issued with a fair value of $3,953,502 and 10,000,000 PB warrants were issued with an estimated value of $752,552 using the Black Scholes option pricing model (Note 1 and 3).

On June 3, 2021, the Company issued 11,764,706 common shares upon conversion of the Special Warrants granted on February 2, 2021.

On June 22, 2021, the Company issued 500,000 common shares for gross proceeds of $25,000 CAD ($20,233 USD).

On August 10, 2021, the Company issued 700,000 common shares for gross proceeds of $455,000 CAD ($364,525 USD).

14. 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, 2022 - $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.

15. 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

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 January 31, 2022, 100% of the contracted revenues are from two related companies.

As of April 30, 2022, the Company had $375,852 (January 31, 2022- $93,554) 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, 2022 - $Nil) for the allowance for expected credit loss as $43,249 (January 31, 2022 - $43,055) of the balance was due and collected within 30 days and $332,603 was due within 12 months (January 31,2022 - $50,499). 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, are due within the next 12 months.

The table below summarizes the Company's contractual obligations as at April 30, 2022:

Payment Due by Year	Recognized in Financial Statements	Total	Less than 1 year	2-3 years	4-5 years
Accounts payable and accrued liabilities	Yes-Liability	443,248	443,248	-	-
Due to related parties	Yes-Liability	2,367,973	2,367,973		
Loan	Yes-Liability	520,000	81,898	353,237	84,865
Minimum lease payments	Yes-Liability	1,504,308	242,888	646,664	614,756
		4,835,529	3,136,007	999,901	699,621

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. The Company has cash in Canadian dollars in the amount of CAD$33,368 (January 31, 2022- CAD$125,121) that is subject to foreign currency risk. The Company does not hedge its exposure to foreign currency risk.

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. The Company's cash balance are not subject to significant interest rate risk as balances are current and the parent company loans are short term and non-interest bearing.

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 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.

13 CAPITAL MANAGEMENT

The Company's and Sprout AI consider its capital to be the main component of shareholders' equity. 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 raiseadditional 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.

14 SUBSEQUENT EVENT

The Company's shares are subject to a Cease Trade Order ("CTO") on the Canadian Stock Exchange effective April 6, 2022. The CTO occurred due to consolidated financial statement filings which were past due. Sprout's filing requirements were missed due to mis interpretations in the year end period that transpired with the RTO. Sprout AI intends to correct these deficiencies in the near term and will request removal of the CTO in November 2022.