



**Sprout AI Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2023**

*(Expressed in United States Dollars)*

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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**INTRODUCTION**

This management's discussion and analysis ("MD&A") of the financial position and results of operations for Sprout AI Inc. (the "Company") is prepared by management as at December 28, 2023. The information herein should be read in conjunction with the interim condensed consolidated financial statements for the three months ended October 31, 2023, and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 28, 2023.

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue of the Company. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in United State dollars, the reporting currency of the Company, unless specifically noted.

**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include but are not limited to: volatility of stock price and market conditions, regulatory risks, difficulty in forecasting, key personnel, limited operating history, competition, investment capital and market share, market uncertainty, additional capital requirements, management of growth, pricing policies, litigation, no dividend history. The risk factors described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in the MD&A include: (a) execution of the Company's existing plan to become a global leader and distributor of its products and related product lines. (b) ability to secure distribution partners (c) demand for the Company's products. Forward looking statements are based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: the impact of competition; the ability to obtain new financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest. The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. Unless required by applicable securities laws the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, see "Risk Factors".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors".

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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**COMPANY BACKGROUND**

Sprout AI Inc. (the "Company" or "Sprout AI") was incorporated on August 25, 2020, under the Business Corporations Act in British Columbia. On June 1, 2021, the Company changed its name from 1262803 B.C. Ltd. to Sprout AI Inc. upon closing of its acquisition of Sprout AI S.A. ("Sprout SA"). Sprout AI is a vertical farming technology company in the business of planning, designing, manufacturing and/or assembling sustainable and scalable AI-controlled vertical cultivation equipment for indoor vertical farming. The Company's habitats utilize vertical automated fogponic technology and are designed to operate within high density urban settings with access to limited power and water. The Company trades on the Canadian Stock Exchange under the symbol BYFM.

Sprout SA, the Company's Panama subsidiary, 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 is registered in the Panama Pacifico Special Economic Area according to the Administrative Resolution No. 339-19 on October 7, 2019.

The impact of COVID-19 on the business operations at Sprout AI since the beginning of 2020 have been severe. Limited operations during and past COVID have had a negative effect on the financial position of the Company. Since early 2022, with the relief of certain restrictions in Panama, the Company is attempting to carry on operations at pre-COVID levels.

**COMPANY'S OPERATIONS AND OUTLOOK**

Sprout SA's operations are located in Panama, Central America where its manufacturing facilities are located in the Veracruz tax free zone. Production is conducted at the Company's Centre of Excellence ("COE"). The COE 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 habitats directly to the Panama Canal. The total building occupies 37,500 sq. ft.

Sprout AI is committed to both environmental and social sustainability. Its vision is to be a leader in urban vertical cultivation by ensuring each harvest is of high quality, producing high yield, and is consistent with the last batch to reduce product variability. To accomplish this vision its mission is to develop an innovative and adaptable solution to the regulatory demands relating to quality, traceability, and audit of crop production.

Sprout AI's business model is to plan, design, implement, and support vertical automated fogponic grow habitats designed to operate within high-density urban settings with access to limited power and water.

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

---

Over the past two years, the Company has completed a number of key initiatives and transactions that have affected the operations of the Company. The key events are as follows:

- On June 2, 2023 the Company's common shares were halted pending receipt and review of acceptable documentation regarding the Fundamental Acquisition pursuant to CSE Policy 8. This regulatory halt is imposed by Investment Industry Regulatory Organization of Canada, the Market Regulator of the Exchange, pursuant to the provisions of Section 10.9(1) of the Universal Market Integrity Rules. The halt will be lifted subsequent to completion of the Amalgamation Agreement discussed below.
- 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 to be obtained at a Special Shareholders Meeting tentatively scheduled in 2024.
- On December 28, 2022, the Cease Trade Order was lifted on trading of the Common Shares on the Canadian Stock Exchange and the shares commenced trading.
- In December 2022, the Company completed the construction for 75 Sprout AI habitat controllers to TheraCann for their client in Zimbabwe. Presently, TheraCann's client has suspended the commitment for additional units due to financial difficulties. Some components, but not all, were shipped to Zimbabwe by December 2022 for arrival in Q1 2023.
- On August 29, 2022, the Company signed a Letter of Intent with Fontagro, Fontagro is a development agency financed by Latin and South America countries. They promote science, development and innovation in agriculture and food within Latin America and the Caribbean. Fontagro will assist the Company in securing matching R&D funding, as well as assist the Company to expand into some of the 33 countries in which it operates. In turn the Company will match Fontagro funding, and permit Fontagro to access Company facilities to conduct research and development of plants cultivated within urban indoor vertical cultivation environments.
- On August 8, 2022, the Company received a purchase order from its distributor TheraCann for 30 habitats, for an end Client located within the Metropolitan Vancouver Area of British Columbia, Canada. The facility was to be planned, designed and managed by TheraCann International as a Discovery Center measuring a total of 75,000 ft and capable of housing multiple crops totaling up to 60,000 plants. As noted in previous filings, this was a forward looking statement and noted that the success of this agreement was dependent directly on the success of funding received by the end Client paid to TheraCann International. As of the date of this filing, the Client has not received or otherwise provided funding for this project.
- On June 27, 2022, the Company signed a 5 year agreement with Instituto de Innovación Agropecuaria de Panamá (IDIAP). Under the terms of this agreement the Company has provided IDIAP with access to its habitats at its manufacturing facility in Panama, to assist the Company with ongoing new crop development and confirmation of the Company's plant cycle time and yield data. The Company will provide IDIAP with access to the Company's habitats and database of information, and IDIAP will provide its scientists, and access to research funding.
- On June 15, 2022 the Company signed a 3 year agreement with Centro Activo 20/30 Los Combras ("Centro"). Centro is a not-for-profit organization that provides charity programs to communities including their famed "rice and beans" program. Through its agreement with the Company, this program has been extended to include the Company's products cultivated within its Panama facility. Consequently, this program has been renamed "rice, beans and greens" to commemorate the Company's contribution of all "green's" to this country wide program. Under this agreement Centro will provide charitable donation receipts to parties that sponsor the Company's habitats for the purpose of cultivating the greens for this program. Each habitat that is sponsored receives placement of the sponsors logo for a period of one year, and the pricing per habitat varies depending on its position of each habitat within the Company's facility in Panama. Under the program, a total of 75 habitats will be available for sponsorship. However, upon a new Centro President being elected in January 2023, this program has yet to be re-approved for commencement.
- On April 5, 2022, the Canadian Stock Exchange issued a cease trading order on the shares of the Company.

**Sprout AI Inc.**

**Management's Discussion and Analysis**

**For the three and nine months ended October 31, 2023**

**Expressed in US Dollars**

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- On March 7, 2022, the Company entered into a secured commercial loan agreement with S. Halter for \$520,000. The loan has a three year term. This loan was amended to change the commencement date for re-payment of the loan to January 2024.

***Financial statement readers should note that the above statements may contain forward looking information and/or assumptions and actual results may vary from the forward-looking information presented. In order to deliver on the contracts mentioned, the Company will face several risk factors such as obtaining supplies and financing to complete the order and standard manufacturing completion risks all of which may cause actual results to differ materially from the forward-looking information. This is also the case with any press releases issued by the Corporation on operations.***

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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**FINANCIAL PERFORMANCE**

**SELECTED FINANCIAL INFORMATION**

	<b>Three Months Ended</b>		<b>Nine months Ended October 31,</b>	
	<b>2023</b>	<b>October 31, 2022</b>	<b>2023</b>	<b>2022</b>
Total Revenue	<b>121</b>	6,152	<b>304</b>	108,332
Net income (loss) for the period	<b>(317,293)</b>	(550,362)	<b>(1,105,398)</b>	(1,633,977)
Net loss per share-basic	<b>(0.00)</b>	(0.01)	<b>(0.01)</b>	(0.02)
Capital expenditures net of dispositions	<b>(9,344)</b>	(17,165)	<b>(28,600)</b>	(99,578)

  

	<b>October 31, 2023</b>	January 31, 2023
Total assets	<b>1,956,162</b>	2,109,957
Total liabilities	<b>5,926,542</b>	4,974,939
Working capital	<b>(4,509,797)</b>	(3,394,245)

**RESULTS OF OPERATIONS**

The following paragraphs provide information about the results of the Company's on-going operations for the three and nine months ended October 31, 2023.

***Revenue***

For the three and nine months ended October 31, 2023, the Company generated revenue of \$121 and \$304 respectively as compared to \$6,152 and 108,332 for three- and nine-month periods of 2022.

Revenue is primarily generated from the sale of products in habitat manufacturing and management and consulting services from related parties. This small amount of revenue was from a test trial of Strawberries and is considered immaterial but is still recorded.

***Net Loss for the period-end***

For the three- and nine-months ended October 31, 2023, the Company recorded a net loss of \$317,293 and \$1,105,398 respectively as compared to a loss of \$550,362 and \$1,633,977 in the corresponding periods of 2022.

The losses were primarily as a result of payroll expenses, professional fees and general and office administration costs that ramped up post covid slowdown.

***Depreciation expense***

Depreciation expense on capital assets for the three and nine months ended October 31, 2023, was \$82,432 and \$243,525 respectively as compared to \$83,191 and \$250,352 in the corresponding periods of 2022.

The Company's depreciation relates to the equipment owned at the manufacturing facility in Panama as well as the depreciation of the Company's right of use assets.

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

**Capital expenditures**

The following table shows the Company's capital additions for the period ended October 31, 2023:

	<b>Capital expenditures</b>
Equipment	3,318
<b>Total property and equipment additions</b>	<b>3,318</b>
Brand names	12,000
Product development	4,014
Patent	7,250
<b>Total intangible asset additions</b>	<b>23,264</b>

**SUMMARY OF QUARTERLY RESULTS**

The following table summarizes the operation results for the past quarters since incorporation:

Quarter Ended	Total Assets	Working Capital	Shareholders' Equity (Deficiency)	Revenue	Net (Loss) Income	Loss per Share
<b>October 31, 2023</b>	<b>1,956,162</b>	<b>(4,509,797)</b>	<b>(3,970,380)</b>	<b>121</b>	<b>(317,293)</b>	<b>0.01</b>
July 31, 2023	2,048,965	(4,230,863)	(3,653,087)	169	(378,721)	0.01
April 30, 2023	2,345,455	(3,823,879)	(3,274,366)	14	(409,384)	0.00
January 31, 2023	2,109,957	(3,394,245)	(2,864,982)	775,684	305,333	0.01
October 31, 2022	2,554,370	(3,633,958)	(3,170,315)	6,152	(550,362)	0.02
July 31, 2022	2,748,549	(3,057,344)	(2,619,953)	102,180	(455,566)	0.01
April 30, 2022	3,069,804	(2,594,937)	(2,164,387)	-	(628,049)	0.01
January 31, 2022	2,656,934	(2,365,243)	(1,536,338)	112,635	(459,611)	0.01

During the quarters presented above and subsequent to the initial round of funding by the Corporation, Sprout was building its manufacturing facilities, developing its technology and constructing habitats for its own use as floor models and for its initial contract in Zimbabwe. As a result, the Company had minimal revenue during these periods and losses created from the growth activities and listing expenses for the RTO and CSE listing. In addition, it received capital injections from its related company, TheraCann International Benchmark Corp, which has been recorded through inter-company transfers and as a result generated negative working capital.

**LIQUIDITY AND CAPITAL RESOURCES**

**Capital management**

The Company considers its capital to be the main component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. The Company will finance its future activities with debt, equity, hybrid securities and funds from operations.

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 during the period. The Company is not subject to externally imposed capital requirements.

**Cash and Working Capital**

The Company's working capital position as at the end of the period was as follows:

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

	<b>October 31, 2023</b>	January 31, 2023
Deficit	<b>(10,732,322)</b>	(9,626,924)
Working capital	<b>(4,509,797)</b>	(3,394,245)
Cash	<b>30,771</b>	27,770

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing or deposits will be favorable. The Company may seek additional financing through debt or equity offerings for the purposes of international expansion, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

**Operating Activities**

Net cash used in operating activities for the nine-month period ended October 31, 2023, was \$1,228,546 compared to \$642,048 in the same period of 2022. The Company is focusing on ramping up operations during the period and incurred operating expenses as discussed above.

**Investing Activities**

Net cash used in investing activities for the nine-month period ended October 31, 2023, was \$28,600 for product development and equipment purchases as compared to \$99,578 in the same period of last year used for investments in equipment and product development.

In the Company's long form prospectus of May 31, 2021 for common equity and warrants, the Company indicated proceeds from the offering and cash to be used as follows:

<b>Principal Purposes for the Available Funds</b>	
General and Administrative <sup>(2)</sup>	\$1,429,780
Assembly Equipment	250,000
Working Capital	200,000
Research and Development	175,000
Ongoing Integration Costs	150,000
Parts and Inventory	125,000
<b>Total</b>	<b>\$2,329,780</b>

This expenditure profile is very close to actual expenditures made. General and Administrative expenses were salaries, rent, audit costs, legal fees, regulatory and filing fees.

**Financing Activities**

Net cash from financing activities during the nine-month period ended October 31, 2023, was \$1,260,147 mostly amounts received from related parties. As compared to the same period of 2022 where the Company has cash from financing activities of \$400,797 mostly as a result of long term loan proceeds of \$520,000.

**OUTSTANDING SHARE DATA**

The common shares of the Company were put on a trading halt on April 6, 2022 as a result of missed filing dates and the revocation of the CTO was made on December 22, 2022. The Company shares are listed on the CSE under the symbol "BYFM" and US OTC stock market under the symbol "BYFMF"

As at October 31, 2023 the Company had 90,964,806 shares issued and outstanding (January 31, 2022 – 90,964,806).

The following is a summary of the share transactions:

	<b>Number of common shares</b>	<b>Amounts</b>
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**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

At January 31, 2022	90,964,806	6,009,390
<b>At January 31, 2023</b>	<b>90,964,806</b>	<b>6,009,390</b>
<b>At October 31, 2023</b>	<b>90,964,806</b>	<b>6,009,390</b>

**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.

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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

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

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

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Several amendments to existing accounting standards became effective January 31, 2023 and were first adopted by the Company during this period end.

Other 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.

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances but are subject to judgments and uncertainties inherent in the financial reporting process. In preparing these MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made.

**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.

**Sprout AI Inc.****Management's Discussion and Analysis****For the three and nine months ended October 31, 2023****Expressed in US Dollars**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.

<b>October 31, 2023</b>	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
<b>Financial assets</b>						
Financial assets at FVTPL	<b>86,548</b>	-	-	-	-	<b>86,548</b>
Financial assets at amortized cost	<b>153,373</b>	-	-	-	-	<b>153,373</b>
<b>Total</b>	<b>239,921</b>	-	-	-	-	<b>239,921</b>

<b>Financial liabilities</b>						
Other financial liabilities	<b>3,836,705</b>	<b>351,720</b>	<b>16,237</b>	-	-	<b>4,204,662</b>

<b>January 31, 2023</b>	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
<b>Financial assets</b>						
Financial assets at FVTPL	27,770	-	-	-	-	27,770
Financial assets at amortized cost	158,531	-	-	-	-	158,531
<b>Total</b>	<b>186,301</b>	-	-	-	-	<b>186,301</b>

<b>Financial liabilities</b>						
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:

	<b>October 31, 2023</b>	January 31, 2023
Cash	<b>21,672</b>	(227)
Due from related parties	<b>35,145</b>	35,145
Account payable	<b>430,100</b>	545,552

## Sprout AI Inc.

### Management's Discussion and Analysis

For the three and nine months ended October 31, 2023

Expressed in US Dollars

#### 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 \$319,590 (January 31, 2023 - \$27,770) was held in deposits with financial institutions.

<b>October 31, 2023</b>	<b>Floating Rate Financial Instruments</b>	<b>Fixed Rate Financial Instruments</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at FVTPL	86,548	-	-	86,548
Financial assets at amortized cost	-	-	153,373	153,373
	86,548	-	153,373	239,921
<b>Financial liabilities</b>				
Other financial liabilities	-	517,413	3,687,249	4,204,662
<b>January 31, 2023</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	27,770	-	-	27,770
Financial assets at amortized cost	-	-	158,531	158,531
	27,770	-	158,531	186,301
<b>Financial liabilities</b>				
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, and due 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.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

#### RISKS AND UNCERTAINTIES

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase common shares in the Company's authorized capital. These risks and uncertainties are not the only ones we are facing. Additional risk and uncertainties not presently known to us, or that we

**Sprout AI Inc.**  
**Management's Discussion and Analysis**  
**For the three and nine months ended October 31, 2023**  
**Expressed in US Dollars**

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currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

***Risk Factors***

*We may need to raise further capital*

Our business strategy is based in part on the scalability of our operations. In order to expand our operations, we will need to raise additional funds in the future, and such funds may not be available on commercially reasonable terms, if at all. If we cannot raise enough funds on acceptable terms, we may not be able to fully implement our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

*Related Party*

TheraCann owns approximately 53% of the outstanding common shares, giving legal control of the Company. TheraCann will be able to exert control on all matters requiring shareholders' approval and strategic operations of the Company.

*Key Personnel Risk*

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

**DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.