Sprout AI Inc.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

AS AT AND FOR THE THREE MONTHS ENDED APRIL 30, 2024

(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	**April 30, 2024**	January 31, 2024
ASSETS			
Current			
Cash and cash equivalents		**37,482**	6,812
Prepaid expenses	4	**48,198**	26,288
Inventory	5	**171,322**	171,322
Due from related party		**305,905**	289,482
		562,907	493,904
Right-of-use assets	6	**2,091**	47,983
Property, plant and equipment	7	**72,275**	106,960
Intangible assets	8	**804,070**	817,745
Total Assets		**1,441,343**	1,466,592
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	**802,999**	734,777
Deferred Revenue	14	**656,168**	656,168
Due to related parties	10	**2,883,387**	2,518,360
Current portion of long-term debt	11	**234,585**	22,603
Current portion of lease liability	13	**1,352**	80,110
Related party loan payable	12	**1,000,000**	1,000,000
		5,578,491	5,012,018
Loan	11	**297,732**	505,401
Total liabilities		**5,876,223**	5,517,419
SHAREHOLDERS' EQUITY			
Share capital	16	**6,009,390**	6,009,390
Capital stock reserve	17	**752,552**	752,552
Accumulated deficit		**(11,196,822)**	(10,812,769)
Total Equity		**(4,434,880)**	(4,050,827)
Total liabilities and equity		**1,441,343**	1,466,592

Nature and continuance of operations (Note 1)

Contingencies and commitments (Note 14)

Subsequent events (Note 24)

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

	Notes	Three months ended April 30, 2024	2023
Revenue			
Service revenue	18	**79**	14
		79	14
Cost of sales		**286**	763
Gross profit		**(207)**	(749)
Expenses			
Payroll expenses		**164,910**	184,457
Professional fess		**35,824**	43,824
Interest expense on lease liabilities	13	**2,128**	36,382
General and office administration		**1,017**	5,802
Advertising and Promotion		**74**	-
Insurance		**525**	788
Licensing fees		**8,460**	15,464
Financing costs and bank charges	11	**8,549**	8,102
Dues and subscription		**1,934**	2,214
Foreign exchange gains (loss)	2	**66,175**	(3,551)
Depreciation	6,7,8	**94,250**	80,666
		383,846	374,148
Income/(Loss) before other items		**(384,053)**	(374,897)
Other items			
Other income and expense		**-**	(33,611)
Fair value adjustment on loan payable	11	**-**	(876)
Net loss and comprehensive loss		**(384,053)**	(409,384)
Per Share Information			
Net loss per share – basic and diluted	20	**$(0.00)**	$(0.00)
Weighted average number of common shares outstanding		**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, 2023		90,964,806	6,009,390	752,552	(9,626,924)	(2,864,982)
Net loss and comprehensive loss		-	-	-	(1,185,845)	(1,185,845)
At January 31, 2024		90,964,806	6,009,390	752,552	(10,812,769)	(4,050,827)
Net loss and comprehensive loss		**-**	**-**	**-**	**(384,053)**	**(384,053)**
At April 30, 2024		**90,964,806**	**6,009,390**	**752,552**	**(11,196,822)**	**(4,434,880)**

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

	Three months ended April 30,	
	2024	2023
Operating Activities		
Income/(loss) for the period	**(384,053)**	(409,384)
Items not affecting cash:		
Depreciation and amortization	**94,250**	80,666
Interest expense on lease liabilities	**2,128**	36,382
Fair value adjustment on loan payable	**-**	876
Interest expense on loan payable	**8,313**	6,694
	(279,362)	(284,766)
Changes in non-cash working capital		-
Accounts receivable	**-**	(1,300)
Inventory	**-**	337
Prepaid expenses	**(21,911)**	(14,896)
Due from related parties	**(16,423)**	(1,497)
Accounts payable and accrued liabilities	**68,219**	(190,408)
Deferred revenue	**-**	17,994
Net change in non-cash working capital related to operations	**29,885**	(189,770)
Cash flows used in continuing operating activities	**(249,477)**	(474,536)
Investing Activities		
Purchase of property and equipment	**-**	(1,215)
Purchase of intangible assets	**-**	(6,025)
Cash flows used in investing activities	**-**	(7,240)
Financing Activities		
Lease liability repayments	**(80,886)**	(80,711)
Proceeds from loan payable	**-**	-
Repayment of loan payable	**(4,000)**	-
Increase (decrease) in due to related parties	**365,033**	854,306
Cash flows from financing activities	**280,147**	773,595
Increase/(decrease) in cash and cash equivalents	**30,670**	291,819
Cash and cash equivalents, beginning of period	**6,812**	27,770
Cash and cash equivalents, end of period	**37,482**	319,589

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:

	April 30, 2024	January 31, 2024
	$	$
Deficit	**(11,196,822)**	(10,812,769)
Working Capital	**(5,015,584)**	(4,518,114)

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. To date the Company has received operating capital from TheraCann International Benchmark Corp (TIBC) for which the Company is subsidiary. 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, 2024 and 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. The amount of US$66,175 for "Foreign exchange gains(loss)" value arose from payments and receipts in currencies other than USD, as well as from the update of the value in USD of the existing foreign currency balances as of the end of Q1

The Interim Financial Statements were approved and authorized for issue by the Audit Committee of the Board of Directors on June 28, 2024.

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.

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. MATERIAL ACCOUNTING POLICIES

The Company's material accounting policies under IFRS are presented in Note 2 to the Annual Financial Statements. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted in the Interim 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, 2024, reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these 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. PREPAID EXPENSES

	April 30, 2024	January 31, 2024
Deposits	**48,198**	26,288

5. INVENTORY

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

The cost of inventory recognized as cost of goods sold during the period ended April 30, 2024 was $Nil (January 31, 2024 $Nil).

	April 30, 2024	January 31, 2023
Raw materials	**47,826**	47,826
Inventory in transit	**113,663**	113,663
Finished product	**9,833**	9,833
	171,322	171,322

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.).

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

Management regularly assesses the right of use asset for impairment indicators and has determined that no impairment is required for the period ended April 30, 2024 (January 31, 2024 -$Nil).

Cost	**Building**	**Equipment**	**Total**
Balance as at January 31, 2023	1,471,146	9,042	1,480,188
Lease modification	(505,706)	-	(505,706)
Balance as at January 31, 2024	965,440	9,042	974,482
Balance as at April 30, 2024	**965,440**	**9,042**	**974,482**

(Expressed in US Dollars)

Accumulated depreciation	**Building**	**Equipment**	**Total**
Balance as at January 31, 2023	735,573	4,019	739,592
Depreciation	183,893	3,014	186,908
Balance as at January 31, 2024	919,466	7,033	926,500
Depreciation	**45,138**	**753**	**45,891**
Balance as at April 30, 2024	**964,604**	**7,786**	**972,391**

Carrying amounts	**Building**	**Equipment**	**Total**
Balance as at January 31, 2023	45,974	2,009	47,983
Balance as at April 30, 2024	**836**	**1,256**	**2,091**

7. PROPERTY AND EQUIPMENT

Cost	**Equipment**	**Leasehold improvements**	**Total**
Balance as at January 31, 2023	629,008	2,044	631,052
Additions	33,871	-	33,871
Balance as at January 31, 2024	662,879	2,044	664,923
Balance as at April 30, 2024	**662,879**	**2,044**	**664,923**
Accumulated depreciation, depletion and amortization	**Equipment**	**Leasehold improvements**	**Total**
Balance as at January 31, 2023	419,193	455	419,647
Depreciation	137,975	341	138,316
Balance as at January 31, 2024	557,168	796	557,963
Depreciation	**34,600**	**84**	**34,684**
Balance as at April 30, 2024	**591,768**	**880**	**592,648**
Net book value	**Equipment**	**Leasehold improvements**	**Total**
January 31, 2024	105,711	1,248	106,960
April 30, 2024	**71,111**	**1,164**	**72,275**

Management regularly assesses the property and equipment for impairment indicators and has determined that no impairment is required for the period ended April 30, 2024 (January 31, 2024 - $Nil).

8. INTANGIBLE ASSETS

Cost	**Patent**	**Trademark**	**Product Development**	**Total**
Balance as at January 31, 2023	5,270	39,652	737,762	782,684
Additions	35,853	37,972	57,410	131,235
Transfer of assets	-	-	(59,385)	(59,385)
Balance as at January 31, 2024	41,123	77,624	735,787	854,534
Balance as at April 30, 2024	**41,123**	**77,624**	**735,787**	**854,534**

Accumulated amortization	**Patent**	**Trademark**	**Product Development**	**Total**
Balance as at January 31, 2023	-	-	-	-
Amortization	-	-	36,789	36,789
Balance as at January 31, 2024	-		36,789	36,789
Amortization	**-**	**-**	**13,675**	**13,675**
Balance as at April 30, 2024	**-**	**-**	**50,464**	**50,464**

Net book value	**Patent**	**Trademark**	**Product Development**	**Total**
January 31, 2024	41,123	77,624	698,998	817,745

(Expressed in US Dollars)

April 30, 2024	**41,123**	**77,624**	**685,323**	**804,070**

Development costs consist of the costs of developing a prototype for its Sprout AI habitat. As at April 30, 2024, such intangible assets were available for use and there is $13,675 (year ended January 31, 2024 - $36,789) amortization charges for the period ended April 30, 2024.

During the year ended January 31, 2024, part of the intangible assets were transferred to ETCH BioTrace, S.A., a related party of the Company, for further development. Consideration received were $33,932 (2023- $Nil), representing the carrying amount of the intangible asset.

During the year ended January 31, 2024, $25,453 (2023 - $Nil), representing the excessive parts acquired for product development, were transferred to inventory.

Management regularly assesses intangible assets for impairment indicators and has determined that no impairment is required for the period ended April 30, 2024 (January 31, 2023 - $Nil)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2024	January 31, 2024
Trade accounts payable	**682,311**	545,437
Accrued liabilities	**98,382**	78,381
Government remittances payable	**22,306**	110,959
	802,999	734,777

10. RELATED PARTY TRANSACTIONS

Due from related parties	**April 30, 2024**	January 31, 2024
Theracann Canada Benchmark Ltd.	**56,680**	33,673
ETCH BioTrace, S.A.	**44,884**	44,884
One System One Solution, S.A.	**203,779**	210,363
Theracann Africa Benchmark Corporation	**562**	562
	305,905	289,482

Due to related parties	**April 30, 2024**	January 31, 2024
Theracann International Benchmark Corporation	**2,765,477**	2,395,572
Theracann Australia Benchmark Pty Ltd.	**118,351**	118,675
Theracann Canada Inc.	**(441)**	4,113
	2,883,387	2,518,360

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 an unsecured loan agreement with Mr. S. Halter, whereby the Company borrowed $520,000 at a rate of 6% to be repaid over a three-year period. The Loan Agreement was amended in April 2023 and December 2023 to reflect updated terms for repayment. The loan will be repaid starting on August 31, 2023 and over a period of forty months with progressive monthly installments from $5,000 to $30,321. The loan will be extinguished in full in December 2026.

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

(Expressed in US Dollars)

Balance as at January 31, 2023	502,159
Repayment of loan balance	(5,001)
Interest expense	30,846
Balance as at January 31, 2024	528,004
Payments	**(4,000)**
Interest expense	**8,313**
Balance as at April 30, 2024	**532,317**

	April 30, 2024	January 31, 2024
Current portion of long-term debt	**234,585**	22,603
Long-term portion of long-term debt	**297,732**	505,401
	532,317	528,004

As at April 30, 2024, the Company had the following outstanding long-term debt:

	Maturity	**Rate**	**April 30, 2024**
Loan	30-Oct-25	6.00%	532,317
			532,317

Principal and accrued interest payments are as follows:

2025	191,289
2026	181,940
2027	159,088
Total payments	532,317

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

12. RELATED PARTY LOAN PAYABLE

February 2023, the Company entered into a loan agreement with TIBC, whereby the Company borrowed $1,000,000. The loan is non-interest bearing, unsecured and due on or before the 36 months from the date of loan agreement. Management intends to settle the amount within 12 months (note 24).

13. LEASE LIABILITIES

The Company subleases commercial space and office space from its controlling shareholder. The Company’s lease commenced on February 1, 2019 and extends to February 1, 2024. The Company has an option to extend the lease beyond the three-year non-cancellable term for an additional term of three years. 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.

(Expressed in US Dollars)

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

The following table details the discounted cash flows of the Company´s lease obligations as at April 30, 2024:

	Building	**Equipment**	**Total**
Balance as at January 31, 2023	937,865	5,084	942,949
Interest	134,331	129	134,460
Lease payments	(320,741)	(3,169)	(323,910)
Lease modification	(673,389)	-	(673,389)
Balance as at January 31, 2024	78,066	2,044	80,110
Interest	**2,120**	**8**	**2,128**
Lease payments	**(80,186)**	**(700)**	**(80,886)**
Balance as at April 30, 2024	**-**	**1,352**	**1,352**
Current portion	-	1,352	1,352
Long-term portion	-	-	-
	-	1,352	1,352

14. DEFERRED REVENUE

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

	April 30, 2024	January 31, 2024
Balance - Beginning of period	**656,168**	656,168
Balance - End of period	**656,168**	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 April 30, 2024, 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.

(Expressed in US Dollars)

15. CONTINGENCIES AND COMMITMENTS

a) 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.

b) The Company has received statements of claim with respect to service billing by the previous payroll service provider in the amount of $81,343. Accordingly, a provision of such amount has been recorded in accounts payable and accrued liabilities on the consolidated statements of financial position.

16. SHARE CAPITAL

The following is a summary of the share transactions:

	Number of common shares	Amounts
At January 31, 2023	90,964,806	6,009,390
At January 31, 2024	**90,964,806**	**6,009,390**
At April 30, 2024	**90,964,806**	**6,009,390**

17. CAPITAL STOCK RESERVE

During the year ended January 31, 2022, the Company issued 10,000,000 PB Warrants pursuant to the RTO with an estimated fair value of $752,552 using the Black-Scholes option pricing model. The fair value of the contingent consideration was discounted to its present value reflecting the Company's expectation on meeting revenue targets. The following assumptions were used to value the PB Warrants:

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

The reserve was increased by the fair value on issuance of warrants and will be reduced by corresponding amounts when the warrants are exercised.

18. REVENUE

Historically, 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 (TheraCann International). Presently, TheraCann International is in process of amalgamating with the Company for the purpose of including Sprout AI technology directly into its own facilities. TheraCann International has therefore provided the Company with monthly operating capital.

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.

19. SEGMENTED INFORMATION

The President and Chief Operating Officer regularly assess and make allocation decisions based on contracts and projects in progress in the geographic areas of operations. Based on the fact that operations are ramping up and in the early stages of the Company's existence, management has determined that it operates as a single operating division. For the period ended April 30, 2024, the Company derived 100% (January 31, 2024 - 100%) of revenue from related entities, which are controlled by an officer of the Company. As at April 30, 2024, 100% (January 31, 2024 - 100%) of non-current assets (other than financial instruments) are located in Panama.

20. LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended April 30, 2024 was based on the loss of $384,053 (2023 - $409,384) and weighted average number of common shares outstanding of 90,964,806 (2023 - 90,964,806). All warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

21. RELATED PARTY TRANSACTIONS AND BALANCES

a) Transactions with key management personnel

Transactions with key management personnel of the Company include certain members of the Company's executive management team and the Board of Directors which have the responsibilities for strategic planning, oversight and control of the Company. During the period ended April 30, 2024, the total compensation paid to executive management team and Board of Directors mounted to $31,750 (January 31, 2024 - $346,928).

b) Other related party transactions

During the period ended April 30, 2024, 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, 2024 - $143,133) for management and consulting services provided during 2024.

During the period ended April 30, 2024, 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, 2024 - $97,017) for software development services provided during 2024.

During the period ended April 30, 2024, the Company was charged a software licensing fee in the amount of $ 6,998 (January 31, 2024 -$45,487) by One System One Solution, S.A., an entity controlled by an officer of the Company.

During the period ended April 30, 2024, the Company was charged $80,186 (January 31, 2024 - $320,742) by TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in connection with the Company's premises sublease.

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

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company´s financial instruments consist of cash, 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 April 30, 2024, 100% (January 31, 2024 - 100%) of the contracted revenues are from two (January 31, 2024 - two) related companies.

As of April 30, 2024, the Company had $305,905 (January 31, 2024 $289,482) of financial assets carried at amortized cost which were subject to expected credit loss assessment in accordance with IFRS 9. The Company had determined $Nil (January 31, 2024 $Nil) for the allowance for expected credit loss as the full balance is due within 12 months. There is no history of default for those debtors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing operations, such capital to be derived from the exercise of outstanding warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to fund its operations, although the Company has been successful in the past in financing its activities through the sale of equity securities.

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

(Expressed in US Dollars)

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.

April 30, 2024	0 - 12 months	1 - 3 years	3 - 5 years	Beyond 5 years	Indefinite maturity	Total
Financial assets						
Financial assets at FVTPL	**37,482**	**-**	**-**	**-**	**-**	**37,482**
Financial assets at amortized cost	**305,905**	**-**	**-**	**-**	**-**	**305,905**
Total	**343,387**	**-**	**-**	**-**	**-**	**343,387**
Financial liabilities						
Other financial liabilities	**3,898,886**	**297,732**	**-**	**-**	**-**	**4,196,618**

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

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:

	April 30, 2024	January 31, 2024
Cash	**30,564**	2,929
Due from related parties	**77,912**	35,112
Account payable	**493,289**	463,910

(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 April 30, 2024, the amount of $37,482 (January 31, 2023 - $6,812) was held in deposits with financial institutions.

April 30, 2024	**Floating Rate Financial Instruments**	**Fixed Rate Financial Instruments**	**Non-interest bearing**	**Total**
Financial assets				
Financial assets at FVTPL	**37,482**	**-**	**-**	**37,482**
Financial assets at amortized cost	**-**	**-**	**305,905**	**305,905**
	37,482	**-**	**305,905**	**343,387**
Financial liabilities				
Other financial liabilities	**-**	**532,317**	**3,664,301**	**4,196,618**

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

Other price risk

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

Fair value measurements of financial assets

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

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

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

23. CAPITAL MANAGEMENT

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

24. SUBSEQUENT EVENT

In May 2024, the Company received ruling from the Minister of MITRADEL (Minister of Labour) in favor of the Company, dismissing the former employees claim in the amount of $318,958 in its entirety. As this was a Ministerial decision, the decision was final, and there is no avenue for appeal available to the former employees.

The Company is in the process of amalgamating with TheraCann International Benchmark Corporation ("TIBC"), which is anticipated to be completed on or before August 30,2024. On May 29, 2023, the Company entered into an Amalgamation Agreement with TIBC. 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 that the Company will complete a 3.333 to 1 share consolidation prior to the share conversion with TIBC at a ratio of 5.296 Sprout AI Inc Shares for 1 TIBC share. This will result 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.