

## Sprout AI Inc. Q2 Financial Report

### Notification of Late Filing with the Canadian Securities Exchange (CSE)

VANCOUVER, British Columbia, Aug. 20, 2021 (GLOBE NEWSWIRE) -- **via InvestorWire -- Sprout AI Inc. (“Sprout AI” or the “Company”) (CSE: SPRT)** has filed its unaudited interim Second Quarter (Q2) Financial Statement (FS) and Management’s Discussion and Analysis (MD&A) for both Sprout AI Inc. (formerly 1262803 B.C. LTD.) and Sprout AI S.A. (Sprout AI).

Both the FS and MD&A represent an amalgamated report concerning both Sprout AI Inc. and Sprout AI S.A. (Sprout AI).

Sprout AI Inc has reported its interim results ending May 31, 2021, in Canadian dollars, and Sprout AI S.A. has reported its interim results ending April 30, 2021, in United States dollars.

### Q2 Highlights

#### **Proposed Acquisition of Sprout AI, S.A.**

On November 4, 2020, the Company signed an LOI with Sprout AI where the Company will acquire a 100% interest in all of the issued and outstanding securities of Sprout AI.

Sprout AI is in the business of planning, designing, implementing and supporting vertical automated aeroponic grow habitats designed to operate within high-density urban settings with access to limited power and water.

On December 7, 2020, the Company signed a Securities Exchange Agreement (the “Definitive Agreement”) with Sprout and the shareholder of Sprout AI. Pursuant to the Definitive Agreement, the Company will acquire all the outstanding securities of Sprout in consideration for the following:

1. 50,000,000 common shares of the Company (issued on June 1, 2021).
2. 10,000,000 performance-based share purchase warrants of the Company (granted on June 1, 2021). Each warrant will entitle the holder to purchase an additional common share of the Company at an exercise price of \$0.17 for a period of three years. These warrants vest as follows:
  - a. One-third vesting upon the Company realizing \$3,000,000 in total revenue;
  - b. One-third vesting upon the Company realizing \$6,000,000 in total revenue; and
  - c. One-third vesting upon the Company realizing \$9,000,000 in total revenue.

The Company will also provide Sprout AI with a refundable bridge financing of \$400,000, of which \$150,000 was advanced on the execution of the LOI (completed) and \$250,000 (completed) was advanced upon the execution of the Definitive Agreement. The bridge financing is unsecured, non-interest bearing and is repayable if the Definitive Agreement is terminated.

#### **Use of Proceeds Disclosure**

In connection with the financing activities during the period ended November 30, 2020, the Company raised gross proceeds of \$397,500. The Company anticipated that it would use the proceeds of the financing activities for short-term capital requirements, for a bridge loan to Sprout AI, and future working capital for the Company following its proposed transaction with Sprout AI. The following table sets out the originally proposed uses of the proceeds from the financing activities during the period ended November 30, 2020. Except as set out below, there have been no variations from such proposed uses and the Company continues to proceed towards its original business objectives for such funds.

<b>Use of Proceeds</b>	<b>Proposed Expenditures</b>	<b>Actual Expenditures (As of May 31, 2021)</b>
Short-term capital requirements	\$100,000	\$149
Bridge Loan to Sprout AI, S.A.	\$400,000	\$397,351
Future working capital amount for resulting issuer in connection with the transaction with Sprout AI, S.A.	\$300,000	\$Nil

In connection with the financing activities during the period ended May 31, 2021, the Company raised gross proceeds of \$2,100,000. The Company anticipated that it would use the proceeds of the financing activities for short-term capital requirements, for a bridge loan to Sprout AI, and future working capital for the Company following its proposed transaction with Sprout AI. The following table sets out the originally proposed uses of the proceeds from the financing activities during the period ended May 31, 2021. Except as set out below, there have been no variations from such proposed uses and the Company continues to proceed towards its original business objectives for such funds.

<b>Use of Proceeds</b>	<b>Proposed Expenditures</b>	<b>Actual Expenditures (As of May 31, 2021)</b>
Short-term capital requirements (remaining amount)	\$99,851	\$Nil
Bridge Loan to Sprout AI, S.A. (remaining amount)	\$2,649	\$2,649
Future working capital amount for resulting issuer in connection with the transaction with Sprout AI, S.A.	\$300,000	\$260,201

Sprout AI confirms that the above bridge loan and working capital were used for purposes of operations during that period.

Additional details in connection with the Agreement can be found on the Company's filings on [www.sedar.com](http://www.sedar.com) and specifically, in its final prospectus dated May 31, 2021 (the "Prospectus").

### **Other Updates**

Sprout AI Inc. also wishes to announce the departure of Josh Lebovic as Chief Financial Officer (CFO) of Sprout AI Inc. effective August 30, 2021. "On behalf of Sprout AI Inc. and Sprout AI S.A., we wish to thank Mr. Lebovic for his hard work in getting Sprout AI listed and into operations," said Chris Bolton, CEO of Sprout AI Inc. An interim CFO for Sprout AI Inc. will be announced prior to Mr. Lebovic's departure.

### **About Sprout AI**

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 adaptive technology produces an environment with improved growing parameters and early detection of adverse conditions resulting in consistent and repeatable crops, with shorter cultivation cycles independent of geographic climates.

The self-contained multi-level rolling rack technology increases the cubic cultivation area while mitigating the risk of outside and cross-contaminants.

For more information about Sprout AI, please visit <http://sproutai.solutions>.

### **Chief Executive Officer**

**Chris Bolton**

Sprout AI Inc.

Phone: +011 (507) 6384-8734

**E-mail: [mainweb@sproutai.solutions](mailto:mainweb@sproutai.solutions)**

### **Investor Relations Contact**

**Colleen McKay**

Tel: + 1 (289) 231-9026

**E-mail: [cmckay@sproutai.solutions](mailto:cmckay@sproutai.solutions)**

Website: <http://sproutai.solutions>

Address: International Business Park,  
Unit 5B, Building 3860  
Panama Pacifico, Republic of Panama

**THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE, NOR HAS OR DOES THE CSE'S REGULATION SERVICES PROVIDER.**

### **Forward-Looking Statements**

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation, with respect to the Company. The forward-looking information included in this news release is not based on historical facts, but rather on the expectations of the Company's management regarding the future growth of the Company, its results of operations, performance, business prospects, and opportunities. This news release uses words such as "will," "expects," "anticipates," "intends," "plans," "believes," "estimates," or similar expressions to identify forward-looking information. Such forward-looking information reflects the current beliefs of the Company's management, based on information currently available to them.

This forward-looking information includes, among other things, statements relating to: the Order, the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company and anticipated developments in operations of the Company. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, prospective investors should not place undue reliance on these forward-looking statements. Whether actual results, performance, or achievements will conform to the expectations and predictions of the Company is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including: global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19 and including the evolution of new variants of COVID-19, the duration and effect thereof and delays relating to vaccine development, procurement and distribution; risks relating to the effective management of the Company's growth; liabilities and risks, including environmental liabilities and risks associated with the Company's operations; the Company's ability to attract and retain customers; the competitive nature of the industries in which the Company operates; and the other risk factors described in the Company's final long form prospectus dated May 31, 2021.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in the forward-looking statements. Information contained in forward-looking statements in this news release is provided as of the date of this news release, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable Canadian securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements, or the information contained in those statements.

All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.

**Wire Service Contact**

InvestorWire (IW)

Los Angeles, California

[www.InvestorWire.com](http://www.InvestorWire.com)

212.418.1217 Office

[Editor@InvestorWire.com](mailto:Editor@InvestorWire.com)