



SPROUT AI INC. PROVIDES UPDATE ON REVERSE TAKEOVER TRANSACTION WITH THERACANN INTERNATIONAL BENCHMARK CORPORATION

Final steps confirmed as CSE clears path for Beyond Farming (CSE:BYFM); no fundamental change, \$50M GEM facility, and global rollout underway.

PANAMA, BRITISH COLUMBIA / COLOMBIE-BRITANNIQUE, CANADA, July 29, 2025 /EINPresswire.com/ -- Sprout AI Inc. (CSE: BYFM) ("Sprout" or the "Company") is pleased to provide an update on its previously announced reverse takeover transaction (the "Transaction") with TheraCann International Benchmark Corporation ("TheraCann"), a Panamanian company specializing in turnkey cultivation and technology solutions.

The Transaction is now nearing completion, with all major conditions either satisfied or well underway. Notably, shareholder approval for the Transaction was obtained at a special meeting of shareholders of Sprout held on August 30, 2024. A copy of the management information circular for the meeting (the "Circular"), which contains comprehensive disclosure relating to the Transaction, TheraCann and Sprout as it will exist on completion of the Transaction (the "Resulting Issuer"), is available on SEDAR+ under Sprout's profile at www.sedarplus.ca.

As the next step to completion of the Transaction, Sprout will file a CSE Form 5A – Annual Summary (the "Form 5A") containing comprehensive disclosure regarding, among other things, the capital structure of the Resulting Issuer, a summary of historical events for each of TheraCann and Sprout since the filing of the Circular, the Resulting Issuer's business objectives and milestones and how it expects to use its available funds for the 12-months following closing. The Form 5A will be filed on SEDAR+ under the Resulting Issuer's profile at www.sedarplus.ca on closing.

Additionally, within 75 days following the closing, the Resulting Issuer will file a Form 51-102F4 – Business Acquisition Report, which will include details of the Transaction and audited annual and reviewed interim financial statements for TheraCann.

The Canadian Securities Exchange (the "CSE") has confirmed that the Transaction does not constitute a fundamental change under CSE policies as it will not result in any effective change in voting control or board/management of Sprout, and the Resulting Issuer will continue in the

same line of business as currently carried on by Sprout.

Nature of the Transaction:

The Transaction will proceed by way of a three-cornered amalgamation among Sprout, TheraCann, and Sprout AI S.A., a wholly owned subsidiary of Sprout incorporated under the laws of Panama ("Sprout Subco"). Upon completion of the Transaction:

- TheraCann and Sprout Subco will amalgamate to form a new entity ("Amalco") under the laws of Panama;
- each share of TheraCann will be exchanged for 5.296 post-Consolidation (as defined below) common shares of Sprout (the "Resulting Issuer Shares");
- Amalco will become a wholly owned subsidiary of the Resulting Issuer; and
- The Resulting Issuer will carry on the collective business of Sprout and TheraCann under the new name "Beyond Farming Inc."

Immediately prior to completion of the Transaction, Sprout will complete a 3.3333-for-1 share consolidation (the "Consolidation") and all convertible debentures of TheraCann outstanding will convert (the "TheraCann Debenture Conversion") into approximately 1.12 million shares of TheraCann ("TheraCann Shares"). Such TheraCann Shares will be exchanged at the exchange ratio for approximately 5,932,022 Resulting Issuer Shares. Further to the news release dated July 8, 2025, TheraCann reached a settlement with K2 Principal Fund LP ("K2") in respect of its outstanding convertible debentures having an aggregate principal amount of \$2,843,792. While the full terms of the settlement are strictly confidential and governed by a mutual general release, the settlement included the cancellation of K2's convertible debentures.

TheraCann is a "control person" of Sprout and currently holds 48,211,347 common shares of Sprout ("Sprout Shares"), representing 53% of the issued and outstanding Sprout Shares (the "Related Sprout Shares"). As such, under Multinational Instrument 61-101 – Protection of Minority Shareholders in Special Transactions ("MI 61-101"), TheraCann is a related party of Sprout and, accordingly, the Transaction constitutes a "related party transaction" for Sprout within the meaning of MI 61-101. Pursuant to MI 61-101, the Company must obtain a formal valuation and minority shareholder approval for the Transaction unless an exemption from the valuation and shareholder approval requirements can be relied upon. An exemption from the formal valuation requirement is available to Sprout as it is not listed on the prescribed stock exchanges pursuant to section 5.5(b) of MI 61-101. An exemption is not available for the minority shareholder approval requirement and as disclosed above, Sprout obtained such approval on August 30, 2024. Immediately prior to the closing of the Transaction, the Related Sprout Shares then held by TheraCann will be distributed to the shareholders of TheraCann, on a pro rata basis.

Share Capital Structure:

Upon completion of the Transaction and the Consolidation, the Company expects there to be:

- 96,399,166 Resulting Issuer Shares issued and outstanding (27,289,715 of these Resulting Issuer Shares will be held by former Sprout shareholders and 69,109,451 of these Resulting Issuer Shares will be held by former TheraCann shareholders); and
- 5,006,971 common share purchase warrants of the Resulting Issuer outstanding.

Subsidiaries and Corporate Structure:

Upon closing, the Resulting Issuer will indirectly own, through Amalco, 100% of the following subsidiaries, currently wholly-owned by TheraCann:

- TheraCann Canada Benchmark Corporation (Alberta)
- TheraCann Canada Inc. (Alberta)
- TheraCann Africa Benchmark Pty. Ltd. (South Africa)
- TheraCann Australia Benchmark Pty. Ltd. (Australia)
- ETCH Biotrace S.A. (Panama)
- One System One Solution S.A. (Panama)

Business of the Resulting Issuer:

Following completion of the Transaction, the Resulting Issuer will operate a global indoor vertical farming and controlled environment agriculture ("CEA") technology business, delivering full turnkey Farm as a Solution (FaaS) facilities through its proprietary BenchmarkSOLUTION platform. This platform combines professional services, advanced hardware, enterprise software, and plant traceability technologies designed to meet the growing demand for scalable, secure, and high-quality urban agriculture solutions.

The Resulting Issuer will operate through two primary divisions:

1. Managed Services Division:

TheraCann and its subsidiaries have conducted business in multiple jurisdictions, including Australia, Canada, the EU, Panama, the UAE, the UK, the US, and St. Thomas. Its managed services division facilitates the deployment of FaaS facilities globally and supports regional implementation through localized teams and infrastructure. The Resulting Issuer will carry on these operations and may establish new subsidiaries or regional departments to manage future operations on a country-by-country basis.

2. Technology Division:

- Amalco – will provide modular vertical cultivation hardware suitable for a wide range of crops under strict EU GMP standards.

- One System One Solution S.A. – will continue to develop proprietary multilingual, multi-currency ERPc software with integrated artificial intelligence, offering complete cultivation, compliance, and inventory management.
- ETCH Biotrace S.A. – will continue to offer secure plant taggant traceability technology to ensure authenticity, quality assurance, and regulatory compliance of crop outputs.

The Resulting Issuer's operations will be headquartered in Panama City, leveraging Panama's strategic logistics infrastructure to support global deployment of its solutions.

Business Objectives:

Upon completion of the Transaction, the Resulting Issuer will aim to complete TheraCann's pre-commercialization phase and pursue global commercialization of its FaaS facilities in response to the growing demand for locally produced, high-quality fruits, vegetables, and mushrooms.

Key business objectives over the next 12 months include the commencement of construction of two commercial production centers in Panama and the UAE, and a discovery center in the United States. Further details will be provided in the Form 5A.

The Resulting Issuer will continue to pursue research and licensing opportunities, with TheraCann having already entered into agreements with international universities and colleges to enable third-party R&D at its facilities. This includes providing practicum programs for University students wishing to gain direct hands-on experience in operating a CEA facility, the licensing of fogponic crop cultivation data and leasing of hardware and software on a fee-for-service basis.

GEM Financing:

Upon completion of the Transaction, the Resulting Issuer intends to enter into a USD\$50 million share subscription facility with GEM Global Yield LLC SCS ("GEM") (the "GEM Facility Agreement"), available over a three-year term. Drawdowns will be made in exchange for Resulting Issuer Shares at 90% of the average bid price over the prior 15 trading days, subject to CSE minimum pricing rules. A 2% commitment fee will be payable to GEM in cash or shares, at the Resulting Issuer's option. The GEM Facility is expected to be the primary source of working capital for the Resulting Issuer's planned projects. There is no assurance the Resulting Issuer will successfully execute the GEM Facility Agreement or access the funding.

Historical Financings:

Since the date of the Circular, TheraCann has completed the following non-brokered private placements:

- Aug 2024 – Feb 2025: 161,418 shares at USD\$3.50 for gross proceeds of USD\$564,962

- Mar 5, 2025: 7,059 shares at USD\$4.25 for USD\$30,000
- Mar 15, 2025: 277,778 shares at USD\$4.50 for USD\$1,250,000
- Mar 30 – May 30, 2025: 28,723 shares at USD\$3.50 for USD\$100,530
- Apr 10 – Jun 6, 2025: 184,128 shares issued for strategic partnerships at USD\$0.72–1.00 for USD\$141,720

Trading Halt and CSE Review:

Trading of Sprout Shares will remain halted pending the completion of the CSE's review and the satisfaction of all continued listing requirements, including the review and approval of the Form 5A. There is no assurance that trading will resume prior to the completion of the Transaction.

About Sprout AI Inc.

Sprout AI is a technology company providing fogponic cultivation hardware.

About TheraCann Benchmark Corporation

TheraCann is a turnkey cultivation and CEA technology solutions provider to the global indoor vertical farming industry. Through its BenchmarkSOLUTION platform, TheraCann delivers integrated managed services and proprietary technologies, including cultivation hardware, software, and fertigation.

For further information, please visit www.sproutai.solutions or follow us on social media.

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Media Contact:

Chris Bolton, CEO

E-mail: cbolton@sproutai.solutions | cbolton@beyondfarming.com

Investor Relations:

Colleen McKay

Sprout AI Inc.

+507 320-5092

cmckay@sproutai.solutions | cmckay@beyondfarming.com

Neither the Canadian Securities Exchange nor any Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Information:

This news release contains forward-looking statements and forward-looking information within

the meaning of applicable securities laws. These statements relate to future events or future performance and include statements relating to the completion of the Consolidation, the completion of the Transaction, the preparation, filing and content of the Form 5A, the future plans, business objectives and milestones of the Resulting Issuer, TheraCann's intention to distribute the Related Sprout Shares to the TheraCann Shareholders prior to completion of the Transaction, the conditions to completing the Transaction, the completion of the TheraCann Debenture Conversion, the anticipated number of post-Consolidation Sprout Shares to be issued as consideration for the acquisition of the TheraCann Shares, the capital structure to be outstanding at closing, that the Resulting Issuer will file a business acquisition report after closing, that the Resulting Issuer will carry on the collective business of Sprout and TheraCann under the new name "Beyond Farming Inc.", the corporate structure of the Resulting Issuer, that the Resulting Issuer will execute the GEM Facility Agreement and have access to the GEM Funding, the terms of the GEM Facility Agreement, the receipt of regulatory and exchange approvals and the expected benefits of the Transaction.

The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company including, without limitation: that all conditions required for the Transaction will be fulfilled, that the Company will be able to obtain receipt of all regulatory and third party approvals required for the Transaction, that the Transaction will be completed on the terms disclosed, that the Resulting Issuer will file a business acquisition report after closing, that the GEM Facility Agreement will be executed on the desired terms, that there will be no adverse changes in the vertical farming industry impacting the Resulting Issuer, that the Resulting Issuer will obtain all regulatory approvals required to carry out its business objectives, that general business and economic conditions will not change in a material adverse manner, that the Resulting Issuer will successfully proceed with its business plans as disclosed, that financing will be available if and when needed on reasonable terms, that the parties will be able to successfully combine their respective businesses and leverage their synergies, that the Transaction will have the expected benefits, and that the Resulting Issuer will be able to grow and improve its operations and performance as expected. Although management of the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: there is no assurance that Sprout will obtain the approval of the CSE for the Transaction; following completion of the Transaction, financing may not be available when needed or on terms and conditions acceptable to the Resulting Issuer; the Resulting Issuer may fail to develop commercial production centers or a discovery

center, or if developed, they may be unsuccessful;
the Resulting Issuer's business plans and business objectives may change;
unanticipated changes in the capitalization of Sprout or TheraCann impacting the Resulting Issuer's capital structure;
conflicts in the middle east could impact the Company's business plans in the UAE;
unanticipated costs and expenses;
new laws or regulations could adversely affect the Resulting Issuer's business and results of operations;
the Resulting Issuer may fail to execute the GEM Facility Agreement and access the GEM Funding, on the terms desired, or at all;
the Resulting Issuer may fail to obtain all regulatory approvals required to carry out its business plans;
the Resulting Issuer may fail to file a business acquisition report within the required timeframe;
adverse changes in the vertical farming industry;
fluctuations in the stock market may adversely affect the price of the Resulting Issuer's securities, regardless of its operating performance;
the loss of key personnel;
the failure of the parties to successfully combine their respective businesses and benefit from the Transaction as anticipated; and
the Company's failure to continue operations if the Transaction is not completed.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Christopher Bolton
Beyond Farming
[email us here](#)

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