

Biome Grow Inc. Reports First Quarter Fiscal 2019 Financial Results

Toronto, ON – May 29, 2019 – Biome Grow Inc. (“Biome” or the “Company”) (CSE: BIO, OTCQB: BIOIF, 60TA:GR) today released consolidated financial results for the first quarter ended March 31, 2019. The unaudited condensed interim consolidated financial statements, including the notes thereto, the Company’s corresponding management’s discussion and analysis and a supplemental information presentation are available on the Company’s website at www.biomegrow.com under ‘Investors’ and on SEDAR at www.sedar.com. All financial information in this press release is reported in Canadian dollars, unless otherwise indicated.

During the quarter, the Company achieved many important milestones, including:

- the first commercial harvests of cannabis from its Antigonish, Nova Scotia cultivation and distribution facility;
- the commencement of shipments to licensed retailers in Nova Scotia and the onboarding of the Newfoundland & Labrador market;
- the announcement of a memorandum of understanding to purchase up to 20,000 kg per year of hemp-grown CBD extract from industrial hemp grower CBD Acres;
- the Company’s listing on the OTCQB exchange and approval for Biome’s stock to trade under the new stock symbol “BIOIF”.

First Quarter Fiscal 2019 Operational and Financial Highlights

		Q1, 2019
Revenue	\$	340,574
Cost of Sales	\$	136,151
Gross Profit	\$	204,423
Margin (%)		60.0%
EBITDA (1)	\$	(1,004,386)
EBITDA Margin (%) (2)		nmf
Working Capital	\$	2,101,291
Inventory	\$	739,587
Biological Assets	\$	392,414
Cash cost to produce, per gram (3)	\$	2.72
Average selling price, per gram, (4)	\$	6.80
Average margin, per gram (5)		60.0%

1,2,3,4,5. The Company’s “EBITDA”, “EBITDA Margin”, “Cash cost to produce per gram”, “Average selling price per gram” and “Average margin per gram” are Non-GAAP metrics used by management that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes these financial metrics may be useful in assessing its operating performance. The calculations required to reconcile these metrics to IFRS measures are described below.

1. Management defines "EBITDA" as Income (loss) Before Other Items plus Amortization. $EBITDA = \text{Net Loss Before Other Items} + \text{Amortization} = (\$1,068,130) + 63,744 = (\$1,004,386)$
2. Management defines "EBITDA margin" as "EBITDA" divided by Revenue, expressed as a percentage. $EBITDA \text{ margin} = EBITDA/Revenue$. Not meaningful as it is a negative percentage this quarter due to the EBITDA loss.
3. Management defines "Cash cost to produce, per gram" as the Cost of Sales in dollars divided by the number of grams produced. $\text{Cash cost to produce, per gram} = \text{Cash cost to produce}/\text{grams produced} = \$136,207/50,076 = \$2.72$
4. Management defines "Average selling price per gram" as Revenue in dollars divided by the number of grams sold during the period. $\text{Average selling price, per gram} = \text{Revenue}/\text{grams sold} = \$340,574/50,076 = \$6.80$.
5. Management defines "Average margin per gram" as "Average selling price per gram" minus "Cash cost to produce, per gram" and dividing the difference by "Average selling price per gram", expressed as a percentage. $\text{Average margin, per gram} = (\text{Average selling price, per gram} - \text{Cash cost to produce, per gram})/\text{Average selling price, per gram} = (\$6.80 - \$2.72)/\$6.80 = 60.0\%$

First Quarter Revenue and Expense Highlights

Sales in the first fiscal quarter of 2019 were \$340,754, which is in line with management's expectations of commercial sales in the Nova Scotia market. The first shipment of dried cannabis was delivered to the Nova Scotia Liquor Corporation (the "NSLC") on January 10, 2019 with further shipments following later in the quarter. Anecdotal feedback from the NSLC indicated that the product was well received by consumers with stocks often selling out quickly. As a result of this healthy demand for locally produced, high quality cannabis, Biome announced an expansion of its Highland Grow facility.

The Company's current product positioning is selling high quality flower and pre-roll products at premium prices. The average selling price during the period was \$6.80 per gram, partially reflecting early generation product with lower THC levels and the Company offering introductory pricing in the Nova Scotia market. In the current quarter, Highland Grow is realizing revenue of between \$7.50 to \$8.30 per gram, reflecting a mixture of local content through brand recognition, high percentages of desired cannabinoids, attractive terpene mixes, a dense and well trimmed flower product, and a packaging design that limits waste.

Inventory at the end of Q1 was 84,080 grams of finished dried cannabis. The finished goods inventory balance at the end of Q1 was largely shipped out in the first month of Q2 reflecting revenue in excess of what the company generated in Q1, 2019.

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Cost of sales in the quarter were \$136,151 representing \$2.72 per gram. While management expects the cost per gram sold will improve as operations ramp up, this metric was in line with expectations for the first quarter of commercial production.

Net loss for the quarter before other items was \$1,068,130 in line with internal budgets for this initial quarter of production.

Management Commentary

"We are pleased with the launch of our business and with the ramp up of our cultivation facility in Antigonish Nova Scotia" said Khurram Malik, CEO of Biome Grow. "Initial demand for our products remains very strong and we look forward to expanding our operations both in Nova Scotia as well as in Ontario and Newfoundland this summer as previously announced. We are

pursuing additional provinces and international markets for our products and hope to have announcements on progress in this area in the coming months.”

Webcast and Conference Call Information

The Company will host a conference call and audio webcast with Khurram Malik, CEO at 8:30am Eastern Time on May 29, 2019.

Webcast Information

A live audio webcast will be available at

<https://event.on24.com/wcc/r/2015980/CEAD1B37BDD7710D021A38D2B79B5C45>

Calling Information

Toll Free Dial-In Number: 1 (866) 211 3199

International Dial-In Number: (647) 689 6601

Conference ID: 8693906

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About Biome

Biome wholly owns five subsidiaries, including: The Back Home Medical Cannabis Corporation, a company incorporated under the laws of the Province of Newfoundland and Labrador and in the late stages of applying for a license under the Cannabis Act; Great Lakes Cannabis, a company incorporated under the laws of the Province of Ontario and in the late stages of applying for a license under the Cannabis Act; Highland Grow Inc., a licensed producer in Nova Scotia under the Cannabis Act; Red Sands Craft Cannabis Co., a company incorporated under the laws of the Province of Prince Edward Island; and Weed Virtual Retail Inc., a company incorporated under the laws of the Province of Ontario in the business of operating a new virtual reality technology platform focused exclusively on the medical and recreational cannabis markets. Biome is a Canadian-based company with national and international business interests

Forward-looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. Generally, forward-looking statements and information may be identified by the use of forward-looking terminology such as “plans”, “ expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. More particularly and without limitation, this news release contains forward-looking statements and information concerning statements with respect to sales and positioning, consumer feedback, and the potential growth of the Company, including the Highland Grow facility and improvements in operations. Such forward-looking statements and information reflect management’s current beliefs and are based on assumptions made by and information currently available to Biome, including, among other things, assumptions and expectations with respect to: Biome’s ability to general economic conditions, the expected timing and cost of expanding the Company’s production capacity, future growth of the Company’s business and international opportunities, the development of new products and product formats, the Company’s ability to retain key personnel, the Company’s ability to continue investing in its infrastructure to support growth, the impact of competition, trends in the Canadian cannabis industry and changes in laws, rules and regulations. The forward-looking information contained in this news release is subject to

known and unknown risks and uncertainties, including but not limited to, adverse economic, regulatory and/or legislative developments, delays with respect to expected construction and expansion of production facilities and those risks and uncertainties relating to described in the Company's management's discussion and analysis and in the Company's annual information form (both of which are available electronically at www.sedar.com), any of which could cause actual results to differ materially from those expressed or implied by the forward-looking information disclosed herein. Accordingly, readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. The forward-looking statements speak only as of the date on which they are made, and Biome, or any of its subsidiaries undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Future Oriented Financial Information and Financial Outlook

To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws (collectively, "FOFI"), such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. The FOFI is subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs, in addition to assumptions with respect to the prices to be paid for the Company's products, the costs and expenditures to be incurred by the Company and the costs associated with production, including direct production costs and indirect facility and administrative costs, taxation rates, and other general and administrative expenses. FOFI contained in this news release was made as of the date of this news release and was provided by management for the purpose of providing further information about Biome's future business operations. The Company believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective and subject to numerous risks including the risks discussed herein and above, it should not be relied on as necessarily indicative of future results. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. Biome disclaims any intention or obligation to update or revise any FOFI contained in this news release, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Investors are cautioned that the FOFI contained in this news release should not be used for purposes other than for which it is disclosed herein.