



Biome Grow Quadruples Revenue, Triples Gross Profit in Q2, 2019

TORONTO, Aug. 29, 2019 -- Biome Grow Inc. ("**Biome**" or the "**Company**") (CSE: **BIO**, OTCQB: **BIOIF**, 60TA:GR) today released consolidated financial statements for the second quarter and first half of fiscal 2019. The unaudited 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.

Highlights of the Quarter:

- Revenue in Q2 was approximately **four times** the level realized in Q1: **\$1.35MM vs \$341M**. Gross profit approximately **tripled** over the same period: **\$600M versus \$204M**.
- Average selling price per gram increased by 15% from \$6.80 to \$7.86 while the average cost per gram of our cultivated product declined to \$2.31 from \$2.72 sequentially.
- **Highland Grow was net income profitable in Q2 on a stand-alone basis**, a significant achievement for an operation in only its second quarter of commercial production.
- **Biome received approval to sell cannabis in the province of Saskatchewan.**

Subsequent to the quarter, there were three other positive developments which we feel bode well for Q3:

- **Biome introduced new packaging automation** in its facility in Antigonish, Nova Scotia that will greatly increase the amount of product Highland Grow can supply its customers with.
- Earlier this month, **Biome announced that it had increased its national supply footprint** to five provinces from three adding Manitoba and a supply agreement with the provincial government of New Brunswick
- Also, in August, Biome received Environmental Approval for the refurbishment of its flagship facility in Newfoundland and Labrador.

Q2 and YTD Fiscal 2019 Financial Highlights

	Q2/19	Q1/19	% Chg
Revenue	\$1,347,019	\$340,574	295.5%
Cost of Sales	\$752,977	\$136,151	453.0%
Gross Margin (%)	\$594,042	\$204,423	190.6%
EBITDA (1)	(\$749,270)	(\$1,004,386)	25.4%
Working Capital	\$1,324,582	\$2,101,291	-37.0%
Inventory	\$1,221,701	\$739,587	65.2%
Biological Assets	\$81,031	\$392,414	-79.4%
Cash cost to produce, per gram (2)	\$ 2.31	\$ 2.72	-15.1%
Average selling price, per gram (3)	\$ 7.86	\$ 6.80	15.6%

Notes:

1,2,3. The Company's "EBITDA", "Cash cost to produce, per gram" and "Average selling price 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 = (\$811,508) + \$62,238 = (\$749,270)
2. Management defines "Cash cost to produce, per gram" as costs associated with growing, processing and shipping of product divided by the grams of cultivated product produced and sold during the period. Cash cost to produce, per gram = \$137,657/59,592 = \$2.31.
3. Management defines "Average selling price, per gram" as Revenue in dollars divided by the total number of grams sold during the period. Average selling price per gram = \$1,347,019/171,468 = \$7.86.

Biome CEO Khurram Malik: "We're very proud of the work our Highland Grow team in Nova Scotia has done to achieve a significant sequential ramp up in business in the second quarter. **We are also very proud that Highland Grow was able to achieve profitability less than two quarters after entering commercial production.** This aligns with our stated vision

from the start to build strong, local brands with products that end customers feel are designed specifically for their unique requirements.

Our current quarter (Q3), is also achieving a significant increase in business over what we are reporting today for Q2 and we are looking forward to sharing these results once this period has concluded.”

Webcast Information

A live audio webcast will be available at

<https://event.on24.com/wcc/r/2075902/CA9D255E3069EAB6F6D1FD7CEF31E189>

Calling Information

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

International Dial-In Number (647) 689 6601

Conference ID 2961839

For further information, please contact:

Scott Cuthbertson

VP Investor Relations

scuthbertson@biomegrow.com

647-462-8797

www.biomegrow.com

Kellie Coppin Renmark Financial

kcoppin@renmarkfinancial.com

15149393989

renmarkfinancial.com

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 Canada's ACMPR; 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, supply and demand, and the potential growth of the Company, including the new packaging automation. 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 general economic conditions, the expected timing and cost associated with the Company’s plans, future growth of the Company’s business, 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 the Company’s plans and those risks and uncertainties 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 news release 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 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 and related projects. 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.