



BIOME GROW INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-Auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine Months ended September 30, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, 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 condensed interim consolidated financial statements of Biome Grow Inc. (the "Company") for the interim period ended September 30, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, Manning Elliot LLP, have not performed a review of these condensed interim consolidated financial statements.

November 29, 2022

BIOME GROW INC.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2022 and December 31, 2021

(Unaudited - Expressed in Canadian dollars)

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash		139,994	582,304
Restricted cash		-	897
Goods and services tax recoverable		126,409	86,064
Prepaid expenses and deposits -current		271,253	88,695
Investments	4	1,189,023	10,249,135
		1,726,679	11,007,095
Prepaid expenses and deposits		-	66,521
Total assets		1,726,679	11,073,616
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5,10	914,806	1,138,584
Loans payable	6,10	3,510,178	3,506,295
Total liabilities		4,424,984	4,644,879
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	23,183,398	23,183,398
Reserves		2,578,183	2,544,824
Deficit		(28,459,886)	(19,299,485)
Total shareholders' equity (deficiency)		(2,698,305)	6,428,737
Total liabilities and shareholders' equity (deficiency)		1,726,679	11,073,616

Nature of operations and going concern (Note 1)

Subsequent event (Note 11)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2022. They were signed on behalf of the Board of Directors by:

"Khurram Malik"

Director

"Mark Lievonen"

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BIOME GROW INC.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating expenses					
Accretion expense	6	-	10,614	3,883	29,892
Bad debt expense		-	2,663	-	2,663
Donations		-	-	-	2,500
Financing expense		904	-	1,705	-
Foreign exchange		55	-	98	-
General and administration		1,670	514	1,670	1,447
Insurance		41,072	29,598	123,263	88,796
Investor relations		-	3,052	-	3,052
Professional fees	10	51,425	40,550	158,435	182,260
Salaries and wages		-	15,703	-	15,703
Share-based compensation	7,10	8,716	9,325	33,359	42,194
Transfer agent and listing fees		9,113	10,909	22,153	24,593
Travel		-	2,720	-	2,720
Loss before other items		(112,955)	(125,648)	(344,566)	(395,820)
Other income (expenses)					
Unrealized (loss) gain on change in fair value of investments	4	(218,419)	(4,044,359)	(8,227,067)	660,998
Gain on settlement/impairment of accounts payable	5	285,652	-	285,652	28,071
Interest expense	6	(101,731)	(103,576)	(300,727)	(312,792)
Realized loss (gain) on investments sold	4	(451,145)	234,879	(573,693)	742,443
		(485,643)	(3,913,056)	(8,815,835)	1,118,720
Net income (loss) and comprehensive income (loss)		(598,598)	(4,038,704)	(9,160,401)	722,900
Net income (loss) per share					
Basic and diluted		(0.01)	(0.04)	(0.08)	0.01
Weighted average number of common shares outstanding					
Basic and diluted		112,417,435	112,417,435	112,417,435	112,417,435

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

BIOME GROW INC.

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Reserves	Deficit	Total
	#	\$	\$	\$	\$
Balance, December 31, 2020	112,417,435	23,183,398	2,492,497	(19,159,556)	6,516,339
Share-based compensation	-	-	42,194	-	42,194
Net income for the period	-	-	-	722,900	722,900
Balance, September 30, 2021	112,417,435	23,183,398	2,534,691	(18,436,656)	7,281,433
Share-based compensation	-	-	10,133	-	10,133
Net loss for the period	-	-	-	(862,829)	(862,829)
Balance, December 31, 2021	112,417,435	23,183,398	2,544,824	(19,299,485)	6,428,737
Share-based compensation	-	-	33,359	-	33,359
Net loss for the period	-	-	-	(9,160,401)	(9,160,401)
Balance, September 30, 2022	112,417,435	23,183,398	2,578,183	(28,459,886)	(2,698,305)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

BIOME GROW INC.

Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Net (loss) income for the period	(9,160,401)	722,900
Adjustments for non-cash items:		
Accretion expense	3,883	29,892
Unrealized loss (gain) on change in fair value of investments	8,227,067	(660,998)
Gain on settlement/impairment of accounts payable	(285,652)	(28,071)
Interest expense	300,727	312,792
Realized loss (gain) on investments sold	573,693	(742,443)
Share-based compensation	33,359	42,194
Changes in non-cash working capital items:		
Goods and services tax recoverable	(40,345)	16,605
Prepaid expenses and deposits	(116,037)	60,296
Accounts payable and accrued liabilities	(238,853)	(355,755)
Cash used in operating activities	(702,559)	(602,588)
Investing activities		
Net proceeds on sale of investments	259,352	1,522,165
Cash provided by investing activities	259,352	1,522,165
Financing activities		
Interest paid on loan payable	-	(69,263)
Repayment of loan payable	-	(240,286)
Cash used in financing activities	-	(309,549)
Change in cash and restricted cash	(443,207)	610,028
Cash and restricted cash, beginning of period	583,201	569,499
Cash and restricted cash, end of period	139,994	1,179,527

The accompanying notes are an integral part of these condensed interim consolidated financial statements

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Biome Grow Inc. (the “Company”) was incorporated under the *Business Corporations Act* of British Columbia on December 31, 2013. The head and records office of the Company is 1401-480 University Avenue, Toronto, Ontario. The Company's principal business activity is pursuing opportunities in the cannabis industry.

These unaudited condensed interim consolidated financial statements (the “interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. The Company has incurred losses since its inception and has an accumulated deficit of \$28,459,886 as at September 30, 2022 (December 31, 2021 - \$19,299,485). There is a material uncertainty related to these conditions that casts significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to realize sufficient cash from the sale of its marketable securities and generate profitable operations in the future. These interim 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.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak including variants, which continues to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. During 2021 vaccines became available and certain restrictions have begun to ease. The Company and its prior operations had not been drastically impacted by the pandemic, but management continues to monitor the situation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These interim financial statements were approved by the Board of Directors and authorized for issue on November 29, 2022.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2021, and 2020 and notes thereto (the “annual financial statements”), which include the information necessary or useful to understanding the Company's business and financial statement presentation.

b) Basis of measurement

The interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The functional currency is the currency of the primary economic environment in which an entity operates. All amounts on these interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)**c) Basis of consolidation**

These interim financial statements include the accounts of the Company and the following Canadian subsidiaries:

Subsidiaries	Percentage ownership
Cultivator Catalyst Corp.	100%
Great Lake Cannabis Company Inc. ¹	100%
Red Sands Craft Cannabis Corp. ¹	100%
Weed Virtual Retail Inc. ¹	100%

¹ These companies were inactive during the nine months ended September 30, 2022 and the year ended December 31, 2021.

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights to, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital.

All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

d) Reclassification of comparative amounts

Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year's presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 3 to the Company's annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's annual financial statements.

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these interim financial statements are consistent with those applied and disclosed in Note 3 to the annual financial statements.

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

4. INVESTMENTS

A summary of the Company's investments is as follows:

	Shares	Escrow Shares	Exchangeable Shares	Total
	\$	\$	\$	\$
Fair value				
Balance, December 31, 2020	1,102,086	2,561,812	8,001,399	11,665,297
Transferred	791,012	(791,012)	-	-
Net proceeds on sales	(2,162,858)	-	-	(2,162,858)
Realized gain on investments sold	1,008,954	-	-	1,008,954
Cost of securities exchanged	5,334,266	-	(5,334,266)	-
Change in unrealized fair value on investments	2,756,982	(352,107)	(2,667,133)	(262,258)
Balance, December 31, 2021	8,830,442	1,418,693	-	10,249,135
Net proceeds on sales	(259,352)	-	-	(259,352)
Realized loss on investments sold	(573,693)	-	-	(573,693)
Change in unrealized fair value on investments	(6,996,637)	(1,230,430)	-	(8,227,067)
Balance, September 30, 2022	1,000,760	188,263	-	1,189,023
Cost				
Balance, December 31, 2020	734,724	1,707,875	5,334,266	7,776,865
Transferred	791,012	(791,012)	-	-
Cost sold or transferred for debt settlement	(1,153,904)	-	-	(1,153,904)
Securities exchanged	5,334,266	-	(5,334,266)	-
Balance, December 31, 2021	5,706,098	916,863	-	6,622,961
Cost of securities sold	(833,046)	-	-	(833,046)
Balance, September 30, 2022	4,873,052	916,863	-	5,789,915

On July 31, 2020, the Company received 4,352,447 MYM Nutraceuticals Inc. ("MYM") Shares, 38,461,538 Escrow Shares and 132,551,040 Exchangeable Shares of MYM as consideration for the sale of Highland Grow Inc ("HGI"). In connection with the sale of HGI, the Company entered into various debt settlements and bonus payments with former employees of the Company and HGI, which were settled with the issuance of either Exchangeable Shares or MYM Shares. On May 21, 2021, the Company exchanged the 88,904,428 outstanding Exchangeable Shares for 88,904,428 MYM Shares.

On July 9, 2021, MYM was acquired by IM Cannabis Corp. ("IMC") and all MYM Shares were converted into common shares of IMC. The Company received 270,091 IMC common shares (of which 33,618 are held in escrow), in exchange for 122,768,413 MYM Shares (which included 15,281,054 Escrow Shares).

For the three and nine months ended September 30, 2022, the Company recorded a loss on its revaluation of these investments to fair value of \$218,419 and \$8,227,067 respectively (2021 - loss of \$4,044,359 and gain of \$660,998, respectively). During the three and nine months ended September 30, 2022, the Company recorded a realized loss on sale of investments of \$451,145 and \$573,693, respectively (2021 - gain of \$234,879 and \$742,443, respectively). As at September 30, 2022, the Company held 212,326 IMC Shares (December 31, 2021 - 243,401), of which 33,618 are IMC Escrow Shares (December 31, 2021 - 33,618).

On November 17, 2022, subsequent to the period end, IMC consolidated its issued share capital on a ratio of ten (10) old common shares for every one (1) new post-consolidated common share. All current and comparative references to the number of IMC shares and share price of IMC have been restated to give effect to this share consolidation (the "IMC Share Consolidation").

The remaining IMC Escrow Shares are expected to be released within the next 12 months and have been classified as a current asset on the statement of financial position. The Company's investments are measured using Level 1 inputs.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as at September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
	\$	\$
Accrued liabilities	62,000	261,510
Deferred compensation	60,000	60,000
Interest payable	593,838	298,003
Trade payables	198,968	519,071
	914,806	1,138,584

During the three and nine months ending September 30, 2022 the Company recognized a gain on settlement/impairment of accounts payable of \$285,652 and \$285,652, respectively (2021 - \$nil and \$28,071, respectively).

During the year ended December 31, 2020, the Company entered legal proceedings with the former CEO of HGI subsequent to the disposition of HGI. As at December 31, 2020, the Company recorded an accrued liability for settlement contingency of \$571,891 representing the estimated cost of legal expenses and a final settlement amount, which was included in accrued liabilities. During the year ended December 31, 2021, the Company finalized the settlement and recorded an additional loss on legal settlement of \$45,030. The total amount of \$616,921 was paid fully during the year ended December 31, 2021.

6. LOANS PAYABLE

A continuity of the Company's loan obligations as at September 30, 2022 and December 31, 2021 is as follows:

	MYM Loan	Related Party Loan	Total
	\$	\$	\$
Balance, December 31, 2020	2,455,545	1,250,000	3,705,545
Principal repayments, net	(240,287)	-	(240,287)
Accretion expense	41,037	-	41,037
Balance, December 31, 2021	2,256,295	1,250,000	3,506,295
Accretion expense	3,883	-	3,883
Balance, September 30, 2022	2,260,178	1,250,000	3,510,178

- a) On July 31, 2020, in connection with sale of HGI, MYM agreed to loan the Company an amount equal to \$1,000,000 (the "MYM Loan - Tranche #1") plus the balance of certain liabilities of HGI, which will continue to be owed by HGI, post-closing, in the amount of \$1,664,141 (the "MYM Loan - Tranche #2"), both for a term of 18 months with an option to extend for an additional six months at the sole discretion of the Company upon the Company paying an extension fee (together the "MYM Loan"). The MYM Loan bears interest at a rate of 17.5% per annum.

Pursuant to the loan and security agreement, the Company incurred a one-time set-up fee equal to 8% of the MYM Loan - Tranche #1 advance. Interest on the MYM Loan is calculated from July 31, 2020 on a monthly basis and payable every fourth months beginning on November 30, 2020. The total debt issuance costs of \$80,000 were applied against the loan principle in the amount of \$2,664,141 and are accreted over the term of the loan.

During the three and nine months ended September 30, 2022, the Company incurred an interest expense of \$99,696 and \$295,836, respectively (2021 - \$99,969 and \$303,554 respectively) in connection with this loan. On January 31, 2022, the MYM loan payable matured. IMC (the parent of MYM) and the Company have been renegotiating maturity and terms of the loan. Subsequent to September 30, 2022 the parties reached an agreement and extended the maturity of the loan subject to amended terms (Note 11).

- b) During the year ended December 31, 2019, the Company received a series of advances from a related party totaling \$1,250,000. The amounts are secured by promissory notes, bear no interest and are due on demand. As at September 30, 2022, the carrying value of these loans are \$1,250,000 (December 31, 2021 - \$1,250,000). The MYM loan is senior to the related party advances in terms of creditor hierarchy.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
 For the three and nine months ended September 30, 2022 and 2021
 (Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL**a) Authorized**

- Unlimited number of voting common shares without par value
- Unlimited number of Special Class C Shares without par value subject to special rights or restrictions
- Unlimited number of Class B Preferred Shares without par values subject to special rights or restrictions

As at September 30, 2022, and December 31, 2021, there were 112,417,435 common shares outstanding.

b) Issued shares

There were no common share transactions during the nine months ended September 30, 2022 or the year ended December 31, 2021.

c) Stock options

The Company has adopted a stock option plan for its directors, officers, employees, and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors.

During the three and nine months ended September 30, 2022, the Company had no stock option grants.

During the year ended December 2021, the Company had the following grant:

On November 5, 2021, the Company granted 1,500,000 stock options to directors of the Company with an exercise price of \$0.05. The options vest in two equal tranches on November 5, 2022 and 2023, respectively, and expire on October 26, 2026.

A summary of stock option transactions are as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2020	1,700,000	0.26
Granted	1,500,000	0.05
Expired	(200,000)	1.60
Balance, September 30, 2022 and December 31, 2021	3,000,000	0.07

The following table summarizes stock options outstanding and exercisable as at September 30, 2022:

Expiry date	Exercise price	Number of options outstanding	Number of options exercisable
	\$	#	#
July 31, 2025	0.08	1,500,000	1,500,000
October 26, 2026	0.05	1,500,000	-
		3,000,000	1,500,000

As at September 30, 2022 the weighted average contractual life of the options outstanding is 3.5 years.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The fair value of stock options granted during the year ended December 31, 2021 were estimated using the Black-Scholes option pricing model using the following assumptions:

	2021
Stock price	\$0.04
Risk-free interest rate	1.26%
Annualized volatility	100%
Expected dividend yield	0.00%
Expected life	5 years

During the three and nine months ended September 30, 2022, the Company recognized share-based compensation of \$8,716 and \$33,359, respectively (2021 - \$9,325 and \$42,194, respectively). The share-based compensation represents the fair value of stock options over their respective vesting term.

d) Share purchase warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2020	6,394,880	0.52
Expired	(1,037,737)	1.68
Balance, September 30, 2022 and December 31, 2021	5,357,143	0.28

As at September 30, 2022, the Company had 5,357,143 share purchase warrants outstanding and exercisable at an exercise price of \$0.28

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value measurement of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- 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 (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

As at September 30, 2022 and December 31, 2021, the Company's financial instruments consisted of cash, restricted cash, investments, accounts payable and accrued liabilities and loans payable.

The Company's financial instruments are classified and measured at amortized cost, with the exception of investments, which are classified and measured at fair value through profit and loss. The Company's investments are level 1 in the fair value hierarchy with fair value determined by reference to the closing price of the shares at each reporting date.

The carrying value of cash, restricted cash, accounts payable and accrued liabilities and loans payable approximate their fair values due to their short-term to maturity.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)**Financial risk management objectives and policies**

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. Credit risk for the Company is associated with its cash. At present, the Company holds its cash in highly rated Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

As at September 30, 2022, the Company did not have derivative financial liabilities with contractual maturities.

(iv) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded investment in IMC. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2022, value of investments, a 10% increase or decrease in the share price of IMC would have impacted profit or loss for the period, up or down, by approximately \$118,902 before income taxes.

9. MANAGEMENT OF CAPITAL

The Company's capital structure consists of all components of its share capital. The Company's objectives when managing capital are to support further advancement of the Company's business objectives, as well as to ensure that the Company is able to meet its financial obligations as they come due.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets. 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 during the nine months ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

BIOME GROW INC.

Notes to the Condensed Interim Consolidated Financial Statements
 For the three and nine months ended September 30, 2022 and 2021
 (Unaudited - Expressed in Canadian dollars)

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. During the three and nine months ended September 30, 2022 and 2021, key management compensation consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Share-based compensation	8,716	9,325	33,359	42,194
Professional fees	24,000	-	71,000	-
	32,716	9,325	104,359	42,194

Amounts payable to related parties as at September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
	\$	\$
Accounts payable and accrued liabilities	92,000	194,324
Loans payable	1,250,000	1,250,000
	1,342,000	1,444,324

As at September 30, 2022, accounts payable and accrued liabilities include \$92,000 due to related parties comprised of the following:

- \$60,000 in deferred compensation to directors of the Company related to the sale of HGI. The amount was recorded in salaries, wages and benefits in the consolidated statements of (loss) income during the year ended December 31, 2021. The deferred compensation is payable at the earlier of November 5, 2022, or IMC shares trading at greater than \$8.86 per share.
- \$32,000 for amounts owed to the Chief Executive Officer for current year professional fees.

As at September 30, 2022, the Company has loans payable totaling \$1,250,000 (December 31, 2021 - \$1,250,000) to an entity under control of a significant shareholder of the Company (Note 6(b)). The balance payable is secured by promissory notes, non-interest bearing and due on demand.

11. SUBSEQUENT EVENT

On October 4, 2022, the Company signed a loan amendment agreement with the lenders of the MYM Loan, whereby the MYM Loan maturity date has been extended to December 9, 2023, interest will accrue at an annual rate of 8 percent from September 9, 2022 onwards, and on December 31, 2022 the Company is required to pay all accrued and unpaid interest as well as a principal payment of either 5 percent or 10 percent of the principal outstanding. The percentage to be paid is subject to certain conditions including assessment of the weighted-average price of IMC Shares during the last ten trading days of November 2022. Additionally, if at any point during the year ended December 31, 2023 the share price of IMC exceeds \$23.50 per share (after the IMC Share Consolidation), the MYM Loan becomes due on demand.