



**BIOME GROW INC.**

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2023 and 2022**

(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, 2023 and 2022**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Biome Grow Inc. for the interim periods ended September 30, 2023 and 2022, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

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

November 29, 2023

**BIOME GROW INC.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

|   | Note | September 30,<br>2023 | December 31,<br>2022 |
|---|------|-----------------------|----------------------|
|   |      | \$                    | \$                   |
| <b>ASSETS</b>   |      |                       |                      |
| <b>Current</b>  |      |                       |                      |
| Cash  |      | 19,570                | 101,671              |
| Goods and services tax recoverable                    |      | 6,392                 | 6,392                |
| Prepaid expenses and deposits                         |      | 27,849                | 80,135               |
| Investments   | 4    | 76,464                | 274,462              |
| <b>Total assets</b>                                   |      | <b>130,275</b>        | <b>462,660</b>       |
| <b>LIABILITIES</b>                                    |      |                       |                      |
| <b>Current</b>  |      |                       |                      |
| Accounts payable and accrued liabilities              | 5,9  | 770,620               | 728,939              |
| Loans payable   | 6,9  | 4,178,343             | 4,155,137            |
| <b>Total liabilities</b>                              |      | <b>4,948,963</b>      | <b>4,884,076</b>     |
| <b>SHAREHOLDERS' DEFICIENCY</b>                       |      |                       |                      |
| Share capital   | 7(b) | 23,183,398            | 23,183,398           |
| Reserves  |      | 2,591,158             | 2,581,982            |
| Deficit   |      | (30,593,244)          | (30,186,796)         |
| <b>Total shareholders' deficiency</b>                 |      | <b>(4,818,688)</b>    | <b>(4,421,416)</b>   |
| <b>Total liabilities and shareholders' deficiency</b> |      | <b>130,275</b>        | <b>462,660</b>       |

Nature of operations and going concern (Note 1)  
Subsequent event (Note 11)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Khurram Malik"  
Director

/s/ "Mark Lievonen"  
Director

**BIOME GROW INC.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

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

|  | Note | Three months ended<br>September 30, |                  | Nine months ended<br>September 30 |                    |
|--|------|-------------------------------------|------------------|-----------------------------------|--------------------|
|  |      | 2023                                | 2022             | 2023                              | 2022               |
|  |      | \$                                  | \$               | \$                                | \$                 |
| <b>Operating expenses</b>                        |      |                                     |                  |                                   |                    |
| Accretion expense                                |      | -                                   | -                | -                                 | 3,883              |
| Directors' fees                                  | 9    | -                                   | -                | 40,000                            | -                  |
| Financing expense                                |      | -                                   | 904              | 1,219                             | 1,705              |
| Foreign exchange                                 |      | 43                                  | 55               | 436                               | 98                 |
| General and administration                       |      | 1,560                               | 1,670            | 7,868                             | 1,670              |
| Insurance  |      | 44,600                              | 41,072           | 146,047                           | 123,263            |
| Management and administration fees               | 9    | 24,000                              | 10,275           | 128,488                           | 87,000             |
| Professional fees                                |      | 35,841                              | 41,150           | 99,644                            | 71,435             |
| Share-based compensation                         | 9    | 4,618                               | 8,716            | 9,176                             | 33,359             |
| Transfer agent and listing fees                  |      | 12,805                              | 9,113            | 37,153                            | 22,153             |
|  |      | <b>123,467</b>                      | <b>112,955</b>   | <b>470,031</b>                    | <b>344,566</b>     |
| <b>Other income (expenses)</b>                   |      |                                     |                  |                                   |                    |
| Change in fair value on investments              | 4    | (11,447)                            | (218,419)        | (40,151)                          | (8,227,067)        |
| Gain on settlement of accounts payable           | 5    | -                                   | 285,652          | 275,652                           | 285,652            |
| Interest expense                                 |      | (60,698)                            | (101,731)        | (179,776)                         | (300,727)          |
| Realized gain (loss) on investments sold         | 4    | 295                                 | (451,145)        | 7,858                             | (573,693)          |
|  |      | <b>(71,850)</b>                     | <b>(485,643)</b> | <b>63,583</b>                     | <b>(8,815,835)</b> |
| <b>Net loss and comprehensive loss</b>           |      | <b>(195,317)</b>                    | <b>(598,598)</b> | <b>(406,448)</b>                  | <b>(9,160,401)</b> |
| <b>Net loss per share:</b>                       |      |                                     |                  |                                   |                    |
| Basic and diluted                                |      | <b>(0.00)</b>                       | (0.01)           | <b>(0.00)</b>                     | (0.08)             |
| <b>Weighted average number of common shares:</b> |      |                                     |                  |                                   |                    |
| Basic and diluted                                |      | <b>112,417,435</b>                  | 112,417,435      | <b>112,417,435</b>                | 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 Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

|  | Nine months ended<br>September 30, |                  |
|--|------------------------------------|------------------|
|  | 2023                               | 2022             |
|  | \$                                 | \$               |
| <b>Operating activities:</b>                   |                                    |                  |
| Net loss and comprehensive loss for the period | (406,448)                          | (9,160,401)      |
| Items not affecting cash:                      |                                    |                  |
| Accretion expense                              | -                                  | 3,883            |
| Share-based compensation                       | 9,176                              | 33,359           |
| Change in fair value on investments            | 40,151                             | 8,227,067        |
| Gain on settlement of accounts payable         | (275,652)                          | (285,652)        |
| Interest expense                               | 177,793                            | 300,727          |
| Realized (gain) loss on investments sold       | (7,858)                            | 573,693          |
| Changes in non-cash working capital:           |                                    |                  |
| Goods and services tax recoverable             | -                                  | (40,345)         |
| Prepaid expenses and deposits                  | 52,286                             | (116,037)        |
| Accounts payable and accrued liabilities       | 143,502                            | (238,853)        |
| <b>Cash used in operating activities</b>       | <b>(267,050)</b>                   | <b>(702,559)</b> |
| <b>Investing activities:</b>                   |                                    |                  |
| Net proceeds on sale of investments            | 165,705                            | 259,352          |
| <b>Cash provided by investing activities</b>   | <b>165,705</b>                     | <b>259,352</b>   |
| <b>Financing activities</b>                    |                                    |                  |
| Proceeds from insurance loan                   | 91,500                             | -                |
| Repayments of insurance loan                   | (68,294)                           | -                |
| Interest paid on insurance loan                | (3,962)                            | -                |
| <b>Cash provided by financing activities</b>   | <b>19,244</b>                      | <b>-</b>         |
| Change in cash                                 | (82,101)                           | (443,207)        |
| Cash, beginning of period                      | 101,671                            | 583,201          |
| <b>Cash, end of period</b>                     | <b>19,570</b>                      | <b>139,994</b>   |
| <b>Supplemental cash flow information:</b>     |                                    |                  |
| Cash interest expense paid                     | 3,962                              | -                |

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

**BIOME GROW INC.****Condensed Interim Consolidated Statements of Changes in Shareholder's Deficiency**

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

|  | <b>Common<br/>shares</b> | <b>Share capital</b> | <b>Reserves</b>  | <b>Deficit</b>      | <b>Total<br/>shareholders'<br/>deficiency</b> |
|--|--------------------------|----------------------|------------------|---------------------|---|
|  | <b>#</b>                 | <b>\$</b>            | <b>\$</b>        | <b>\$</b>           | <b>\$</b>                                     |
| 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 and comprehensive 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)                                   |
| Share-based compensation                       | -                        | -                    | 3,799            | -                   | 3,799   |
| Net loss and comprehensive loss for the period | -                        | -                    | -                | (1,726,910)         | (1,726,910)                                   |
| Balance, December 31, 2022                     | 112,417,435              | 23,183,398           | 2,581,982        | (30,186,796)        | (4,421,416)                                   |
| Share-based compensation                       | -                        | -                    | 9,176            | -                   | 9,176   |
| Net loss and comprehensive loss for the period | -                        | -                    | -                | (406,448)           | (406,448)                                     |
| <b>Balance, September 30, 2023</b>             | <b>112,417,435</b>       | <b>23,183,398</b>    | <b>2,591,158</b> | <b>(30,593,244)</b> | <b>(4,818,688)</b>                            |

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, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

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**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. The Company is listed for trading on the TSX Venture Exchange under the symbol "BIO.CN"

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2023, the Company had a working capital deficiency of \$4,818,688 (December 31, 2022 - \$4,421,416) and an accumulated deficit of \$30,593,244 (December 31, 2022 - \$30,186,796). For the three and nine months ended September 30, 2023, the Company incurred a net loss of \$195,317 and \$406,448, respectively (2022 - net loss of \$598,598 and \$9,160,401, respectively). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company 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 is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

**2. BASIS OF PREPARATION****a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 29, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements").

**b) Basis of presentation**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

**c) Functional and presentation currency**

The functional currency is the currency of the primary economic environment in which an entity operates. All amounts on these 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, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**2. BASIS OF PREPARATION (continued)****d) Basis of consolidation**

A summary of the Company's subsidiaries included in these financial statements as at September 30, 2023 is as follows:

| <b>Subsidiaries</b>                             | <b>Percentage ownership</b> |
|---|-----------------------------|
| Cultivator Catalyst Corp.                       | 100%                        |
| Great Lake Cannabis Company Inc. <sup>(1)</sup> | 100%                        |
| Red Sands Craft Cannabis Corp. <sup>(1)</sup>   | 100%                        |
| Weed Virtual Retail Inc. <sup>(1)</sup>         | 100%                        |

(1) These subsidiaries were dormant during the nine months ended September 30, 2023 and the year ended December 31, 2022.

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.

**e) Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these 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, refer to the Company's Annual Financial Statements.

The preparation of the 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 financial statements are consistent with those applied and disclosed in Note 3 to the Annual Financial Statements.



**BIOME GROW INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**4. INVESTMENTS**

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

|  | Shares           | Escrow shares  | Total            |
|--|------------------|----------------|------------------|
|  | \$               | \$             | \$               |
| <b>Fair value</b>                              |                  |                |                  |
| Balance, December 31, 2021                     | 8,830,442        | 1,418,693      | 10,249,135       |
| Net proceeds on sales                          | (261,153)        | -              | (261,153)        |
| Realized loss on investments sold              | (604,619)        | -              | (604,619)        |
| Change in unrealized fair value on investments | (7,733,912)      | (1,374,989)    | (9,108,901)      |
| Balance, December 31, 2022                     | 230,758          | 43,704         | 274,462          |
| Net proceeds on sales                          | (165,705)        | -              | (165,705)        |
| Realized gain on investments sold              | 7,858            | -              | 7,858            |
| Change in unrealized fair value on investments | (36,117)         | (4,034)        | (40,151)         |
| <b>Balance, September 30, 2023</b>             | <b>36,794</b>    | <b>39,670</b>  | <b>76,464</b>    |
| <b>Cost</b>                                    |                  |                |                  |
| Balance, December 31, 2021                     | 5,706,098        | 916,863        | 6,622,961        |
| Cost of securities sold                        | (865,773)        | -              | (865,773)        |
| Balance, December 31, 2022                     | 4,840,325        | 916,863        | 5,757,188        |
| Cost of securities sold                        | (3,726,108)      | -              | (3,726,108)      |
| <b>Balance, September 30, 2023</b>             | <b>1,114,217</b> | <b>916,863</b> | <b>2,031,080</b> |

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).

On November 17, 2022, IMC completed a consolidation of its common shares on a ten to one basis (the "IMC Share Consolidation"). All IMC share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to IMC commons shares are on a post-consolidation basis.

For the three and nine months ended September 30, 2023, the Company recorded an unrealized loss on the change in fair value on investments of \$11,447 and \$40,151, respectively (2022 - a loss of \$218,419 and \$8,227,067, respectively). During the three and nine months ended September 30, 2023, the Company recorded a realized gain on sale of investments of \$295 and \$7,858, respectively (2022 - a loss of \$451,145 and \$573,693, respectively). As at September 30, 2023, the Company held 74,501 IMC shares (December 31, 2022 - 211,125), of which 33,618 are IMC escrow shares (December 31, 2022 - 33,618).

The remaining IMC escrow shares are expected to be released within the next 12 months and have been classified as a current asset along with the IMC common shares on the statement of financial position. The fair value of the Company's investments are estimated using Level 1 inputs.

**BIOME GROW INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

A summary of the Company's accounts payable and accrued liabilities is as follows:

|                       | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------|-----------------------|----------------------|
|                       | \$                    | \$                   |
| Accrued liabilities   | 165,500               | 112,000              |
| Deferred compensation | 60,000                | 20,000               |
| Interest payable      | 229,864               | 56,033               |
| Trade payables        | 315,256               | 540,906              |
|                       | <b>770,620</b>        | <b>728,939</b>       |

During the three and nine months ended September 30, 2023, the Company determined that certain historic liabilities met the criteria to become no longer payable (statutorily) and recognized a gain on settlement of \$nil and \$275,652, respectively (2022 - \$285,652 and \$285,652, respectively).

**6. LOANS PAYABLE**

A summary of the Company's loans payable is as follows:

|  | MYM Loan         | Related<br>party loan | Insurance<br>loan | Total            |
|--|------------------|-----------------------|-------------------|------------------|
|  | \$               | \$                    | \$                | \$               |
| Balance, December 31, 2021               | 2,256,295        | 1,250,000             | -                 | 3,506,295        |
| Interest capitalized on loan             | 581,485          | -                     | -                 | 581,485          |
| Repayment of MYM Loan                    | (2,901,254)      | -                     | -                 | (2,901,254)      |
| Loss on extinguishment of debt           | 63,474           | -                     | -                 | 63,474           |
| Proceeds from Amended MYM Loan agreement | 2,905,137        | -                     | -                 | 2,905,137        |
| Balance, December 31, 2022               | 2,905,137        | 1,250,000             | -                 | 4,155,137        |
| Proceeds from D&O insurance loan         | -                | -                     | 91,500            | 91,500           |
| Repayments of D&O insurance loan         | -                | -                     | (72,256)          | (72,256)         |
| Interest on D&O insurance loan           | -                | -                     | 3,962             | 3,962            |
| <b>Balance, September 30, 2023</b>       | <b>2,905,137</b> | <b>1,250,000</b>      | <b>23,206</b>     | <b>4,178,343</b> |

**a) MYM Loan**

During the three and nine months ended September 30, 2023, the Company incurred interest expense of \$58,580 and \$173,831, respectively (2022 - \$99,696 and \$295,836, 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. On October 4, 2022, the Company signed a loan amended agreement ("Amended MYM Loan") with the lenders of the MYM Loan, whereby the MYM Loan maturity date was extended to December 9, 2023. Interest accrues at an annual rate of 8% starting September 9, 2022; and on December 31, 2022, the Company was required to pay all accrued and unpaid interest as well as a principal payment of either 5% or 10% of the principal outstanding. The percentage to be paid was subject to certain conditions including assessment of the weighted-average price of the 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 Amended MYM Loan becomes due on demand.

During the nine months ended September 30, 2023, no payments related to this loan were made.

**b) Related party loan**

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, 2023, the carrying value of these loans are \$1,250,000 (December 31, 2022 - \$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, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**6. LOANS PAYABLE (continued)****c) Insurance loan**

On January 23, 2023, to finance the Company's insurance expenses, First Insurance loaned the Company \$91,500 less an initial payment of \$9,272 resulting in a total loan payable amount of \$82,229. The insurance loan is repayable in monthly payments of \$7,873 and subject to an interest rate of 10.58% per annum. The loan matures on December 31, 2023.

During the three and nine months ended September 30, 2023, the Company repaid \$23,619 and \$62,984, respectively, which included interest expense of \$1,024 and \$3,962, respectively, resulting in a remaining balance of \$23,206.

**7. SHARE CAPITAL****a) Authorized share capital**

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

**b) Issued share capital**

There were no common share transactions during the nine months ended September 30, 2023, or the year ended December 31, 2022.

As at September 30, 2023 and December 31, 2022, there were 112,417,435 common shares outstanding.

**c) Stock options**

The Company 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.

On December 30, 2022, the Company granted 1,000,000 stock options to directors of the Company with an exercise price of \$0.01. The options vest in two equal tranches on December 30, 2023 and 2024, respectively, and expire on December 30, 2027.

There were no stock option transactions during the nine months ended September 30, 2023.

A summary of the Company's stock options outstanding and exercisable as at September 30, 2023, is as follows:

| <b>Expiry date</b> | <b>Weighted average exercise price</b> | <b>Number of options outstanding</b> | <b>Number of options exercisable</b> | <b>Weighted average remaining life</b> |
|--------------------|--|--------------------------------------|--------------------------------------|--|
|                    | \$                                     | #                                    | #                                    | years                                  |
| July 31, 2025      | 0.08                                   | 1,500,000                            | 1,500,000                            | 1.84                                   |
| October 26, 2026   | 0.05                                   | 1,500,000                            | 1,500,000                            | 3.07                                   |
| December 30, 2027  | 0.01                                   | 1,000,000                            | -                                    | 4.25                                   |
|                    | <b>0.05</b>                            | <b>4,000,000</b>                     | <b>3,000,000</b>                     | <b>2.90</b>                            |

**d) Share purchase warrants**

There were no share purchase warrants transactions during the nine months ended September 30, 2023, or the year ended December 31, 2022.

As at September 30, 2023, the Company had 5,357,143 share purchase warrants outstanding (December 31, 2022 - 5,357,143) and exercisable at an exercise price of \$0.28 with a weighted average remaining life of 0.14 years.

**BIOME GROW INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

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**8. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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, 2023, the Company's financial instruments consisted of cash, investments, accounts payable and accrued liabilities and loans payable.

The Company's financial instruments are classified as and measured at amortized cost, with the exception of investments, which are classified and measured at fair value through profit or loss. The Company's investments are measured at fair value using Level 1 inputs. The fair value of investments is measured based on the quoted market price of the related common shares at each reporting date, and changes in fair value are recognized in profit or loss.

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

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.

**a) 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.

**b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. Credit risk for the Company is primarily 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. The Company considers the credit risk related to cash to be minimal.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due (Note 1). 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, 2023, the Company did not have derivative financial liabilities with contractual maturities.

**d) 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, 2023 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 \$7,646 before income taxes.

**BIOME GROW INC.****Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars, except where noted)

**9. 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.

A summary of the Company's related party transactions is as follows:

|                                    | Three months ended,<br>September 30, |               | Nine months ended,<br>September 30 |                |
|------------------------------------|--------------------------------------|---------------|------------------------------------|----------------|
|                                    | 2023                                 | 2022          | 2023                               | 2022           |
|                                    | \$                                   | \$            | \$                                 | \$             |
| Directors' fees                    | -                                    | -             | 40,000                             | -              |
| Management and administration fees | 24,000                               | 24,000        | 72,000                             | 71,000         |
| Share-based compensation           | 4,618                                | 8,716         | 9,176                              | 33,359         |
|                                    | <b>28,618</b>                        | <b>32,716</b> | <b>121,176</b>                     | <b>104,359</b> |

A summary of the Company's amounts payable to related parties is as follows:

|  | September 30,<br>2023 | December 31,<br>2022 |
|--|-----------------------|----------------------|
|  | \$                    | \$                   |
| Accounts payable and accrued liabilities | 189,777               | 77,777               |
| Loans payable                            | 1,250,000             | 1,250,000            |
| <b>Total</b>                             | <b>1,439,777</b>      | <b>1,327,777</b>     |

As at September 30, 2023, accounts payable and accrued liabilities include \$189,777 due to related parties comprised of the following:

- \$20,000 in deferred compensation to the Chief Executive Officer of the Company;
- \$40,000 owed to the directors of the Company for board compensation;
- \$128,000 for amounts owed for professional fees to the Chief Executive Officer; and
- \$1,777 owed to the Chief Executive Officer for reimbursement of expenses incurred during the nine months ended September 30, 2023.

As at September 30, 2023, the Company has loans payable totaling \$1,250,000 (December 31, 2022 - \$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.

**10. MANAGEMENT OF CAPITAL**

The Company's capital structure consists of all components of its shareholders equity and loans. 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, enter into loan facilities 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, 2023. The Company is not subject to externally imposed capital requirements.

**11. SUBSEQUENT EVENT**

On November 21, 2023, 5,357,143 share purchase warrants with an exercise price of \$0.28 expired.