

**BIOME GROW INC.**

CSE:BIO | OTCQB:BIOIF | 60TA:GR

Q2 SUPPLEMENTAL INFORMATION

**August 2019**



# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements and forward-looking information within the meaning of applicable 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. Forward-looking statements and information are often, but not always, identified by the use of words such as "appear", "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. More particularly and without limitation, this presentation contains forward-looking statements and information concerning future development sites and opportunities; distribution sites; expectations regarding the expansion and development of existing facilities and construction of new facilities, the square footage of such facilities and expected time of completion; the expected volume increase of flow-through sales; the sections titled "Outlook" and "Guidance" and the expectations noted therein; and the expected development of the Cannabis Act and its regulations.

Forward-looking statements and forward-looking information is based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Biome Grow Inc. ("Biome Grow") believes that the expectations reflected in such forward-looking statements and information are reasonable, undue reliance should not be placed on forward-looking statements and information because Biome Grow can give no assurance that such statements or expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, and are implicit in, among other things the ability to obtain any and all required regulatory Licences, permits, or approvals and to obtain such Licences, permits or approvals on a timely and cost efficient basis; expectations with respect to changing legislation and timing associated with such changes; general market outlook including increased competition and consolidation; the ability of Biome Grow to obtain and maintain qualified staff, equipment and services in a timely and cost efficient manner to develop its business; expectations with respect to energy and water costs; the ability of Biome Grow to obtain financing on acceptable terms; Biome Grow's future capital spending and operating costs; Biome Grow's ability to generate sufficient cash flow to meet its working capital requirements; and the ability of Biome Grow to successfully market its products and services.

Forward-looking statements and forward-looking information is based on management's current expectations and is subject to a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Biome Grow and described in the forward-looking statements and information. The material risk factors affecting Biome Grow and its business are similar to those of other companies engaged in the cannabis business and include the failure to obtain or delays in obtaining the required regulatory Licences, permits, or approvals; changes to legislation; changes in cannabis research or the general public's perception of cannabis; competition in the medical cannabis market; crop failure; labour disputes or increases in labour and/or construction costs; rising energy costs; an inability to access financing as needed; and a general economic downturn.

Certain information contained herein has been prepared by third-party sources and has not been independently audited or verified by Biome Grow.

These forward-looking statements and forward-looking information speak only as of the date on which they are made, and Biome Grow, or any of their subsidiaries undertakes no obligation to update or revise any forward-looking statements and forward-looking information whether as a result of new information, future events or otherwise, unless required by applicable securities laws. These forward-looking statements and forward-looking information are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements and forward-looking information. The forward-looking statements or forward-looking information contained herein is expressly qualified by this cautionary statement.



## Highlights from the Quarter

- Revenues increased almost fourfold to \$1.35MM in Q2 from \$340k in Q1. Gross profit almost tripled to just under \$600k from \$204k in Q1 as both our cultivation and wholesale business grew.
- The average price realized on our product during this period was \$7.86 per gram, up 15% from Q1. This reflects a more normal mix of product sold during the period.
- The company's cost to produce a gram of cannabis in its cultivation facility fell 15% to \$2.31 from \$2.72 in the prior quarter reflecting better capacity utilization.
- We shipped approximately 170kg of cannabis in Q2, more than triple the roughly 50kg shipped in Q1, primarily driven by the ramp up of our wholesale business.
- Subsequent to the quarter, we won the right to sell cannabis in Manitoba and New Brunswick. With these announcements, Biome has increased the number of provinces we serve to five from two at the end of Q1.

# FINANCIAL SUMMARY

## Operating Results

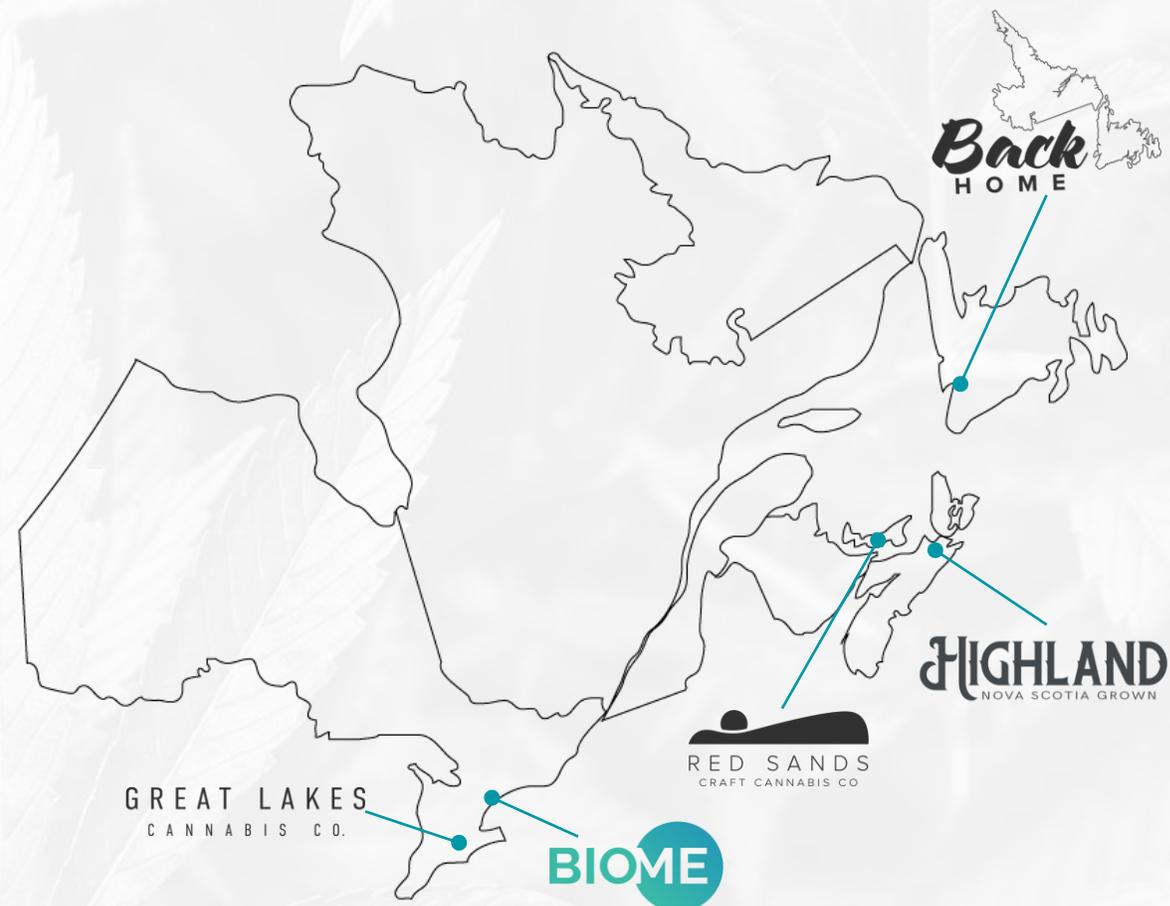
<b>Revenue</b>	<b>\$1,347,019</b>
Quantity sold	171 kg
Average selling price	\$7.86/g
<b>Cost of Goods Sold</b>	<b>\$752,977</b>
<b>Gross Margin</b>	<b>\$594,042</b>
<b>Inventory</b>	<b>\$1,221,701</b>

## Capital Structure

<b>Fully Diluted Shares</b>	<b>112,546,031</b>
Issued & Outstanding	110,569,302
Common Share Purchase Warrants	1,576,716
Options to purchase Common Shares	400,000
<b>Cash on Hand</b>	<b>618,634</b>

# OUTLOOK

- We continue to progress well towards our goals
- In Newfoundland, we received our environmental assessment approval, paving the way for work to begin on upgrading our existing 18,000 s.f. facility. We expect the first phase of this work to be largely complete by the end of this year with production coming online early in 2020.
- In Ontario, work continues on our 12,000 s.f. Great Lakes Facility which is being converted to be Cannabis Act-compliant. We hope to have this facility completed and operational by the end of this year.
- We recently invested in more automation in Nova Scotia which should help our wholesale business by driving higher volumes at lower costs.
- We continue to explore opportunities abroad in several jurisdictions and hope to have announcements on this front before year-end.



# GUIDANCE

- We continue to expect to be EBITDA-positive on a run rate basis before the end of this fiscal year. We are encouraged by the fact that, as a standalone business, before head office and other overhead expenses, our Highland Grow facility was net income profitable in Q2.
- Almost two months into Q3, we have decent visibility on our progress and expect to report significant revenue growth in the current period.

# THANK YOU

---

**Khurram Malik**

**President and CEO**

**kmalik@biomegrow.com**

**+1 (416) 875-8395**

**Scott Cuthbertson**

**VP, Investor Relations**

**scuthbertson@biomegrow.com**

**+1 (647) 462-8797**



**BIOME GROW INC.**

**THE CONSCIOUS CANNABIS  
COMPANY**