

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

BIOHARVEST SCIENCES INC.
Suite 1140 – 625 Howe Street
Vancouver, BC, V6C 2T6

Item 2. Date of Material Change

September 10, 2020

Item 3. News Release

The news release was issued on September 16, 2020 and was disseminated by Stockwatch.

Item 4. Summary of Material Change

BioHarvest Sciences Inc. (“BioHarvest” or the “Company”) announced that it has entered into an agreement (“the Agreement”) dated for reference September 10, 2020, with Total Sweeteners Inc. DBA Batory Foods (“Batory”).

Item 5. Full Description of Material Change

BioHarvest Sciences Inc. (“BioHarvest”) (CSE: BHSC)

The Company announced that it has entered into an Agreement dated for reference September 10, 2020, with Total Sweeteners Inc. DBA Batory Foods.

Under the terms of the Agreement, Batory was granted the exclusive distributor rights for the Issuer’s products to food and beverage producers in the United States including the Issuer’s food based products and proposed hemp based CBD products.

In order to maintain it’s exclusivity, Batory is required to purchase minimum increasing annual mounts of Issuer products over the 7 year term of the Agreement. The price and volume requirements are confidential, however if Batory maintains its exclusivity the total sales revenue to the Issuer from the contract will not be less than \$18,600,000 CAD. This number is based on sales of Vinia™ and the Issuer’s proposed (Olive and Pomegranate) food-based products. Once the Issuer is able to deliver CBD products which will likely have higher product prices the total sales amount will potentially increase.

Item 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Zaki Rakib
President
604-622-1186

Item 9. Date of Report

September 22, 2020

BIOHARVEST SCIENCES INC. SIGNS EXCLUSIVE SALES AND DISTRIBUTION AGREEMENT WITH BATORY FOODS - A LEADING FOOD INGREDIENTS DISTRIBUTOR IN THE USA

The deal calls for a minimum of \$18.6 million (CAD) purchase of Nutraceutical ingredients in order to maintain exclusivity over the term of the Agreement. Additionally, the Agreement includes potential for future sales revenue of hemp-based CBD.

Vancouver, BC / September 16th, 2020 / BioHarvest Sciences Inc. (the “Company”, “BioHarvest”, “BHSC”) has signed an exclusive performance-driven distribution agreement with Batory Foods (“Batory”), a leading food ingredients distributor in the USA and one of the top three companies in the nutraceutical and beverage ingredient segments of the market. This agreement provides BHSC with a best in class route-to-market for addressing major Food, Beverage, and Nutraceutical companies, enabling it to effectively capture a significant share of the US\$16 Billion USA nutraceutical ingredients market focused on food, beverage, and dietary supplements and the fast-growing US hemp-based CBD market focused on edible CBD, which is valued at US\$2.2. Billion in 2020 and is expected to reach US\$8 Billion by 2025.

Click on the following link to view a video interview with Ilan Sobel, CEO of BHSC, and Vince Pinneri, President of Batory: [BHSC – Batory Foods - Video Interview](#)

The Company invites its Shareholders and the General Public to join today’s, September 16th, 2020, Live Zoom Conference Call at **1:00 PM Eastern Standard Time**. Ilan Sobel, CEO of BHSC, will host the event and provide an update on the significant progress the Company is making. [Join Live Zoom Meeting 1:00PM EST](#)

This partnership solidifies the B2B pillar of BHSC’s recently unveiled growth strategy. It not only provides for significant revenue generation and distribution of BHSC’s products but also enables BHSC to support significant manufacturing scale enabling BHSC to derive a projected, estimated weighted gross profit margin of 60%-70%, across its combined B2B and B2C Routes to Market.

This partnership provides Batory customers with the unique ability to deliver superior functional benefits to their consumers, backed by BHSC’s unwavering focus on scientific validation of the efficacy of its products. Additionally, this agreement will, in the future, enable Batory to offer hemp-based CBD with < 0.3% THC to major food, beverage, and nutraceutical companies. BHSC’s proprietary process will generate hemp-based CBD with fingerprint consistency and a level of cleanliness, quality, and safety which the industry has not experienced before.

Ilan Sobel, CEO of BHSC, commented “Batory Foods’ decision to partner with BHSC is a major vote of confidence in the scientifically and clinically proven advantages of BHSC’s bio-farming technology and portfolio of unique products. Batory is the perfect partner for

BHSC in its drive to disrupt the nutraceutical ingredients industry. Batory provides BHSC with access to approximately 5,000 food, beverage, and nutraceutical customers including many of the major players in these sectors, with its unique portfolio of Nutraceutical Superfruit Wellness solutions and supply of gold class grade Hemp Based CBD with THC <0.3%, in the future.”

The agreement will enable BHSC and Batory to be at the forefront of innovative functional solutions to meet the growing health and wellness trends facing the industry. “Teaming up with Bioharvest Sciences is an exciting development in our organization, as we strategically diversify our product portfolio to include on-trend functional ingredients and develop exclusive partnerships with innovative organizations like BioHarvest Sciences Inc,” stated Vince Pinneri, President of Batory Foods. “Aligning with strategic partners such as Bioharvest Sciences allows us to provide value throughout the entire food chain and bring innovations like these to life”.

Following BHSC’s announcement last month of the planned construction of a new 20 metric ton manufacturing facility which is expected to be operational in early Q3 2021, this partnership further demonstrates BHSC’s ability to execute on its growth strategy. It highlights the Company’s evolution from an R&D Company to a fully operating, end-to-end performance-driven organization.

Under the terms of the agreement, to maintain exclusivity, Batory needs to purchase a minimum of \$18.6 million CAD of Nutraceutical products over a 7 year period. The maintenance amount ramps up over the term of the agreement in line with BHSC’s production capacity and product offerings and will potentially grow further upon the launch of Hemp Based CBD with <0.3% THC. Batory has exclusivity in the US market for all B2B sales of Food and Beverage Customers as well as specific major Nutraceutical customers, with which it has significant relationships with. Commencing immediately, the Batory sales team will focus on the sale of VINIA® Red Grape cells to a select group of targeted customers. The launch of VINIA® B2B by Batory will be followed in 2022 with Hemp Based CBD with < 0.3% THC and other nutraceutical superfruit variants including olive and pomegranate.

About Batory Foods

Founded in 1979, Batory Foods is a national sales and supply chain management solutions provider, offering a full portfolio of high-quality food ingredients to food and beverage manufacturers throughout the United States. Our company’s purpose is to enrich ingredients in motion by connecting leading ingredient producers to organizations that nourish the world. Batory operates a national system of warehouses and distribution centers focused on logistics principles for quick and efficient delivery of products. Visit www.batoryfoods.com.

About BioHarvest Sciences Inc.

Based in Vancouver BC, BioHarvest Sciences Inc. is the developer and exclusive owner of the proprietary and patent-protected Biofarming technology. It is the first and only industrial -scale plant cell technology capable of producing the active plant ingredients without the necessity to grow the plant itself. The Company’s technology is non-GMO and has already been validated by VINIA®, the red grapes cells functional food/dietary supplement produced and sold by BioHarvest Sciences Inc. The Company plans to generate significant revenue within the global nutraceutical ingredients and dietary supplements

market with VINIA® and other Super Fruit Nutraceutical products. Further, by adapting this technology to the Cannabis plant, and building adequate production capacity, BioHarvest Sciences Inc.'s objective is to become the leading supplier of Cannabis for both medicinal and legal recreational purposes. Visit: www.bioharvest.com.

BioHarvest Sciences Inc.

Ilan Sobel
Chief Executive Officer

For further information, please contact:

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Forward-Looking Statements

Information set forth in this news release includes forward looking statements that are based on management's current estimates, beliefs, intentions, and expectations, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In particular, there is no assurance that Batory will decide to maintain its exclusivity by purchasing the required amounts under the agreement. Additionally, projected revenue depends on our ability to complete and bring on-line our planned manufacturing facility within the timelines and budget projected. Delays and cost overruns may result in delays in achieving projected revenues and require additional financing which may not be available on acceptable terms. Projected sales of CBD from hemp will require the company to obtain production and / or export licensing which cannot be assured.

All forward-looking statements are inherently uncertain and actual results may be affected by a number of material factors beyond our control. Readers should not place undue reliance on forward-looking statements. BHSC does not intend to update forward-looking statement disclosures other than through our regular management discussion and analysis disclosures.

Neither Canadian Securities Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release