



BioHarvest Sciences Inc. 2021 CEO Letter to Shareholder Partners

VANCOUVER, CANADA, AND REHOVOT, ISRAEL, December 30, 2021 – [BioHarvest Sciences Inc.](#) (“BioHarvest” or the “Company”) (CSE: BHSC - OTC:CNVCF) is pleased to provide the following year-end shareholder partner letter from CEO Ilan Sobel.

Dear friends,

It is with great pleasure that I take this opportunity at the end of the year to summarize for our shareholder partners the major accomplishments of what has been an inspiring and transformative first full calendar year for me as CEO of BioHarvest Sciences. I will also include my own forward-looking thoughts for how we are envisioning the year ahead, in which we expect to trigger an acceleration of revenue growth, a game-changing expansion of our product lineup, as well as regulatory work and clinical studies that will provide a clear roadmap to continued global growth. Our vision is to drive human utility value: making a fundamental and positive change to our consumer’s overall health and wellness. 2022 will be a year in which we not only open new doors as we further scale and commercialize our products, but also open minds to the significant potential that our platform technology has to drive this fundamental improvement in health and wellness on a global scale.

In accordance with BioHarvest’s vision and its biotech journey, I am extremely proud to share below the team’s 2021 achievements grouped by key areas: Science & Technology, Operations, Sales, Finance and Environmental & Social Governance.

2021 Achievements

Science & Technology

1. In August 2021, we announced the historical creation of the Amalgamated Trichomes Coral Structure (ATCS). Why was this so important? Because the way to deliver full spectrum cannabis is to grow the trichomes, which are the mini factories of the cannabis plant where all cannabinoids, flavonoids and terpenes are produced. These trichomes are delicate components of the plant which can be vulnerable to the shear forces applied by the motion of the liquid media in the bioreactors. This new coral structure protects the trichomes during their growth in such a way that has enabled us to move from lab-scale creation of the trichomes towards larger scale bioreactors.
2. We announced on December 8 that we were the first company in the world to grow a significant amount of cannabis biomass “without growing the plant”, creating biotech and Cannabis industry



history. With three different strains under development, we have now produced over 10 kilograms of biomass. The news has generated significant media interest (which I will detail below), and it has also introduced our science to thousands of new investors, science fans, and cannabis enthusiasts. It has provided a firm launch point for 2022, and there is more to come: I have challenged our marketing team to have [the accompanying video](#) viewed 1 million+ times, and we are already at 250,000+, so please stay tuned to our upcoming media placements!

3. Through our continued research, we added a new functionality claim for VINIA[®], which reduces the oxidation of LDL cholesterol, enabling VINIA[®] to have one more important reason to appeal to the millions of consumers concerned about their cardiovascular health.

Operations

1. I am so proud that our new 20 Ton per year production facility was completed on schedule, passing the ISO audits in September 2021, despite significant global supply challenges. We received GMP certification from Israel's Ministry of Health in November and we are currently working hard to execute the biological technology transfer, so we can commence production.
2. Our Science, Advisory and Executive teams are critical for executing our biotech vision. This year we were honored to add both significant brain power and experience to each group with the addition of Colonel Chris Hadfield (space and aeronautics), Dr. Dennis Goodman (cardiology), Steven Lehrer (biotech), and Scott McCune (consumer marketing) to our Advisory Board. David Tsur (pharmaceutical and biotech) has joined the Board of Directors. Kobi Rosenzweig (VP operations) and Jarred Turner (VP of E-commerce) have joined the executive team. Building a world class company requires world class people – I am so pleased that each of these industry experts has joined us on our journey.

Sales

1. Israel Sales - This time last year we were energized by the spectacular VINIA Israel ecommerce launch in Q4 2020, which established a sales momentum that we have been able to successfully maintain. Throughout 2021, we continued to grow revenue in this market, at 10% sales growth quarter on quarter, for the first 3 quarters of the year, and accordingly have increased full year guidance on two occasions.
2. VINIA US Market launch – May 2021. While this highlight is only one of many from 2021, it represented a giant leap forward for BioHarvest Sciences. We created entirely new operational units to facilitate the workings of a successful North American e-commerce business, including Marketing, Fulfilment, Customer Success, and global supply. We also added the required thought leadership with committed staff and external partners to bring us their expertise and drive from Launch Day forward.

Sales performance in the U.S. pilot program has been extremely encouraging with us crossing the US\$100,000 sales orders per month mark very early in the launch, with 89% of sales being subscription packages generating monthly recurring revenue, and an average sales order value of US \$80 per transaction.



We have been humbled by the feedback from our consumer base – as of this week, new VINIA users have submitted 350+ verified reviews, with a 4.8/5 rating, which is best in class from a performance perspective when benchmarked versus industry norms.

We look forward to scaling our US launch as soon as we bring our new 20 Ton per year manufacturing facility online and to adding significant customer count to a base that already exceeds 11,000 customers across USA and Israel.

3. B2B Sales – our Batory sales and distribution partnership continues to add significant value for the business. We have successfully expanded our partnership with “Designs for Health Inc” who in 2021 formulated VINIA® into 3 new products which are now commercially available including “NRF2 Modulator”, “Senolytic Synergy” and “Bergavin™”. We are currently engaged in a number of strategic discussions with giants of industry and look forward to converting additional major B2B partnerships in 2022.

Finance

1. Investors have reacted positively to the company’s achievements throughout 2021. The share price increased ~130% from the beginning of the year to reflect a recently reached market capitalization of ~\$200 million.
2. Strong treasury – In 2021, we raised a total of \$9.4 Million CAD in two successful private placements, plus \$4.6 Million CAD in exercised warrants.
3. In 2021, we have significantly increased the investor base. As the company continues to perform well against its biotech vision and increases revenues substantially, the prospects remain high for 2022 to further increase that base and to add more institutional investors.
4. Given the 2021 achievements record and the 2022 prospects listed below, we believe that BioHarvest presents a very attractive investment opportunity.

Environmental & Social Governance

I trust that our community of investor partners understands how deeply we are committed to making BioHarvest Sciences a role model for other companies to follow as it relates to our ESG credentials and delivering continuous improvement across key identified metrics.

1. In July, we became the first Biotechnology company that produces cannabinoids to publish an ESG Sustainability report. This initial report was our first, and there are more to come. As the [Globe and Mail reported](#) on Dec 28, 2021, our BioFarming technology can reduce land requirements for nutrient growth by 95%. Investors are welcome to access the complete ESG report [here](#).
2. We are a company committed to diversity in the workplace and understand the power of diversity to help create competitive advantage. We are very proud of the fact that 55% of our workforce is female and that our entire R & D team is female. Importantly, as a company that understands the power of experience, we have more than 45% of our workforce above the age



of 50 years old. This provides us with a wealth of brain power, people maturity and a unique sense of drive and commitment to make the world better for our children and grandchildren.

3. Our December media coverage on cannabis R+D has generated a wave of commercial inquiries, which is fantastic, and we are committed to responding to every contact. I want to reassure investors that we will consider every commercial opportunity, but I do want our community to understand that our first priority will be to supply cannabis ingredients for medicinal applications in line with our commitment to be a purpose driven company. We do not envision replacing recreational suppliers, or artisan growers – we will focus on providing fingerprint consistent ingredients for products that require the highest levels of cleanliness and consistency.

Media Coverage

This year, we partnered with two very established public relations firms (Boldt and Thunder-11) to help introduce us to both Major news media and the cannabis community, and it has paid huge dividends in “earned” media coverage. For the portion of our community that follows early-stage companies, this major media interest will be mind blowing, as small companies will rarely make the news cycle. Our North American news coverage is spiking here at the end of 2021, which establishes a fantastic launching point for the New Year.

- Forbes.com: Dec 8 - [Producing Cannabis Biomass Without Growing A Cannabis Plant – How One Company Is Doing It.](#)
- The Globe and Mail: Dec. 28 - [Canadian-Israeli biotech company growing nutrients for Earth and beyond](#)
- The Houston Chronicle: Dec. 27 - [Bowie Singing Astronaut developing protein pills for real space travel](#)
- CannabisTech.com: Dec. 23 - [How to Grow Cannabis Without Growing a Plant](#)
- The Jerusalem Post: Dec. 29 - [An astounding 2021 for Israeli tech could bring pivot](#)

Looking Forward to 2022

This coming year will see us “land” and “expand”, plus drive further impact in existing programs.

We expect to be selling our first cannabis-related products in 2022 upon completion of our final scale up phase and regulatory approvals. For VINIA, we are planning a step up in aggressive US marketing and will continue to push forward on the regulatory approval of VINIA in the EU and UK. As a science-based company, we always want to expand our science-based credentials, so we intend to fund additional clinical trials on VINIA, cannabis, and our olive cell product which is next in our polyphenol/antioxidant pipeline.

At some point in the first half of 2022, we will likely announce the next plant-based vertical which we believe we can disrupt with our proprietary platform technology, adding one more significant



validation on how we can bring the power of the plant to the people. Investors can also anticipate the 2022 launch of our first cannabis products and the significant scaling of VINIA®. I expect these two products to generate market-moving revenues in 2022, but they are just the start.

We will also join the space race as the likes of Elon Musk, Jeff Bezos, and Sir Richard Branson work to make “space settlements” something of a reality by 2030. We will work closely with our new advisory board member Colonel Chris Hadfield to start the process to assess how we can use our proprietary platform to help solve two major challenges which exists for space settlements – sustainable food supply and reducing the effects of ionizing radiation on oxidation of LDL cholesterol.

Our entire team is so thankful that you have been part of this stage in our growth phase, and we are very proud to partner with you on our biotech journey. We are inspired by your support and the deep sense of “purpose” that you share with us on the BioHarvest Sciences team. That primary purpose is to drive Human Utility Value, and to drive a transformational positive change in the Health and Wellness of hundreds of millions of people.

Our team is laser focused on executing the 2022 plan, and we intend to make 2022 a year to remember.

For a video reel of this year’s major announcements, [click here](#).

Happy New Year and may your 2022 be filled with only good health and blessings.

Warmest wishes,

Ilan Sobel, Chief Executive Officer
BioHarvest Sciences Inc.

About BioHarvest Sciences Inc.

BioHarvest Sciences Inc. (CSE: BHSC) is a fast-growing Biotech firm listed on the Canadian Securities Exchange. BioHarvest has developed a patented bio-cell growth platform technology capable of growing the active and beneficial ingredients in fruit and plants, at industrial scale, without the need to grow the plant itself. This technology is economical, ensures consistency, and avoids the negative environmental impacts associated with traditional agriculture. BioHarvest is currently focused on nutraceuticals and the medicinal cannabis markets. Visit: www.bioharvest.com.

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Forward-Looking Statements

Information set forth in this news release might include 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. There is no assurance that we will achieve our objective of making our products available in multiple markets including bio-space and exposing our technology to different verticals. In particular, there is no assurance that the Company will be able to leverage its technology platform to successfully provide essential nutrition and active ingredients for space exploration. There is no assurance that the Company will be successful in expanding its technology to broader medical applications or conduct clinical trials to validate the efficacy of the Company's products for new forms of medical treatments. There is no assurance that the ability to produce a commercial sized biomass will result in the Company entering into commercial production of Cannabis. There is no assurance the Company will be able to successfully convert the existing 2 tons/year VINIA® facility to a Cannabis production facility in H1, 2022. There is no assurance we will be able to commercialize our first Cannabis products in the first half of 2022, and there is no assurance the Company will be able to add new verticals or build additional plants elsewhere. Clinical trials are subject to risks of significant cost overruns and lengthy delays with no assurance they will confirm desired results. Even where desired results are obtained government approvals for treatments take considerable time and cannot be guaranteed. There is no assurance the BioFarming technology will make a significant impact on multiple verticals of life -science based businesses in general or in the bio-space industry. There is no assurance that we will achieve our objective of being a leading supplier of Cannabis. There is no assurance that the Israeli market results for Vinia® will translate directly into the U.S. markets which may depend on different consumer preferences and more substantial marketing expenditures and resources. There is no assurance that strong sales metrics experienced to date will result in future demand for VINIA®. Markets for nutraceuticals are unpredictable and subject to changes in consumer tastes and trends as well as economic factors beyond our control. Delays and cost overruns may result in delays achieving our objectives obtaining market acceptance and regulatory approvals for geographic expansion is subject to risk and cannot be guaranteed. Projected sales of Cannabis will require the company to obtain production and / or export licensing which cannot be assured.

There is no assurance we will trigger an acceleration of revenue growth or a game changing expansion of our product lineup. These things are subject to uncertainties including the uncertainty of continuing market acceptance of our products and market acceptance of new products which are subject to changing consumer preference and access to marketplaces. There is no assurance we will achieve additional major B2B partnerships in 2022 as this is subject to acceptance of our products by businesses and their customers. There is no assurance that we will increase our investor base or add new institutional investors as this is subject to our meeting investment criteria of investors and conditions affecting equity markets generally. Continuing outbreaks of Covid variants may cause delays or other impacts to business plans and /or impact equity markets in 2022.

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 the Canadian Securities Exchange nor its Regulation Services Provider accept responsibility for the adequacy or accuracy of this release.

