

# **BioHarvest Sciences Inc.**

**Unaudited Interim Condensed Consolidated Financial Statements**

**For the Three Months Ended March 31, 2022**

**Expressed in U.S. dollars in thousands**

## **NOTICE TO SHAREHOLDERS**

The accompanying unaudited interim condensed consolidated financial statements of BioHarvest Sciences Inc. for the three months ended March 31, 2022 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim condensed consolidated financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3(3)(a), 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 Company's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# BioHarvest Sciences Inc.

## Unaudited Interim Condensed Consolidated Financial Statements For the Three Months Ended March 31, 2022 Expressed in U.S. dollars in thousands

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**BioHarvest Sciences Inc.****Unaudited Interim Condensed Consolidated Statement of Financial Position**

U.S. dollars in thousands, except per share data

	Notes	March 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	\$	1,266	\$ 4,117
Trade accounts receivable		362	386
Other accounts receivable		388	234
Inventory		1,235	928
<b>Total current assets</b>		<b>3,251</b>	<b>5,665</b>
<b>Non-current</b>			
Restricted cash		176	179
Property and equipment, net		4,620	4,364
<b>Total non-current assets</b>		<b>4,796</b>	<b>4,543</b>
<b>Total assets</b>	\$	<b>8,047</b>	\$ <b>10,208</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade accounts payable	\$	883	\$ 875
Other accounts payable		1,282	1,277
Accrued liabilities		143	135
Derivative liability - Warrants	3,6	15	636
<b>Total current liabilities</b>		<b>2,323</b>	<b>2,923</b>
<b>Non-current liabilities</b>			
Cash-settled share-based payment		372	340
Lease liability		2,133	2,273
Liability to Agricultural Research Organization		1,901	1,817
<b>Total non-current liabilities</b>		<b>4,406</b>	<b>4,430</b>
<b>Shareholders' equity</b>			
Share capital and contributed surplus	4	63,153	62,560
Accumulated deficit		(61,835)	(59,705)
<b>Total Shareholders' equity</b>		<b>1,318</b>	<b>2,855</b>
<b>Total liabilities and shareholders' equity</b>	\$	<b>8,047</b>	\$ <b>10,208</b>

Going concern (Note 1b)

May 30, 2022  
Date of approval of the  
financial statements



"Zaki Rakib"  
Director



"Ilan Sobel"  
CEO

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

**BioHarvest Sciences Inc.****Unaudited Interim Condensed Consolidated Statement of Comprehensive Loss**

U.S. dollars in thousands, except per share data

	Three-months period ended	
	March 31,	
	Unaudited	
	2022	2021
Revenues	\$ 699	\$ 313
Cost of revenues	520	227
<b>Gross revenue</b>	<b>179</b>	<b>86</b>
<b>Operating expenses</b>		
Research and development	771	650
Selling and marketing	1,030	536
General and administrative	1,011	1,132
<b>Total operating expenses</b>	<b>2,812</b>	<b>2,318</b>
<b>Loss from operations</b>	<b>2,633</b>	<b>2,232</b>
Finance expenses	148	4,711
Finance income	651	134
<b>Net loss before tax</b>	<b>2,130</b>	<b>6,809</b>
Tax expenses	-	-
<b>Net loss and comprehensive loss</b>	<b>\$ 2,130</b>	<b>\$ 6,809</b>
Basic and Diluted loss per share	0.00	0.02
Weighted Average Number of Shares Outstanding	454,334,714	423,009,922

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

**BioHarvest Sciences Inc.****Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity**

U.S. dollars in thousands, except per share data

**For the three-month period ended March 31, 2022:**

	Note	Number of shares	Share Capital	Accumulated deficit	Total
<b>Balance, January 1, 2022</b>		<b>453,630,137</b>	<b>\$ 62,560</b>	<b>\$ (59,705)</b>	<b>\$ 2,855</b>
Share based compensation		-	441	-	441
Exercise of options	5	702,499	88	-	88
Exercise of warrants	3,6	164,000	64	-	64
Comprehensive loss for the period		-	-	(2,130)	(2,130)
<b>Balance, March 31, 2022</b>		<b>454,496,636</b>	<b>\$ 63,153</b>	<b>\$ (61,835)</b>	<b>\$ 1,318</b>

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

**BioHarvest Sciences Inc.****Unaudited Interim Condensed Consolidated Statement of Changes in Shareholders' Equity**

U.S. dollars in thousands, except per share data

**For the three-month period ended March 31, 2021:**

	<b>Number of shares</b>	<b>Share Capital</b>	<b>Accumulated deficit</b>	<b>Total</b>
<b>Balance, January 1, 2021</b>	410,619,089	\$ 47,583	\$ (49,878)	\$ (2,295)
Issuance of unite of securities, net	15,449,829	3,531	-	3,531
Share based compensation	-	681	-	681
Exercise of warrants	5,330,333	2,094	-	2,094
Comprehensive loss for the period	-	-	(6,809)	(6,809)
<b>Balance, March 31, 2021</b>	431,399,251	\$ 53,889	\$ (56,687)	\$ (2,798)
Issuance of unite of securities, net	7,781,375	2,581	-	2,581
Share based compensation	-	2,359	-	2,359
Exercise of warrants	14,449,511	3,731	-	3,731
Comprehensive loss for the period	-	-	(3,018)	(3,018)
<b>Balance, December 31, 2021</b>	453,630,137	\$ 62,560	\$ (59,705)	\$ 2,855

*The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.*

**BioHarvest Sciences Inc.****Unaudited Interim Condensed Consolidated Statement of Cash Flows**

U.S. dollars in thousands, except per share data

	Three-months period		
	ended March 31,		
	Note	2022	2021
<b>Cash flows from operating activities:</b>			
Net loss for the period		\$ (2,130)	\$ (6,809)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		136	60
Fair value adjustments of derivative liability - warrants		(615)	4,555
Interest and re-assessment on liability for Agricultural Research Organization, net		84	118
Finance expense, net		(14)	(12)
Share based compensation (including cash-settled share-based payment)		473	694
<b>Changes in operations assets and liabilities:</b>			
Change in inventory		(307)	(30)
Change in trade accounts receivables		24	9
Change in other accounts receivables		(154)	(123)
Changes in trade payables and accrued expenses		39	358
<b>Cash from operations</b>		<b>(2,464)</b>	<b>(1,180)</b>
Interest paid		(39)	(23)
<b>Net cash used in operating activities</b>		<b>(2,503)</b>	<b>(1,203)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property and equipment		(391)	(257)
<b>Net cash used in investing activities</b>		<b>(391)</b>	<b>(257)</b>
<b>Cash flow from financing activities</b>			
Payments of lease liabilities		(103)	(69)
Net proceeds from issuance of unit of securities	4	-	4,713
Exercise of options		88	-
Exercise of warrants		58	988
<b>Net cash provided by financing activities</b>		<b>43</b>	<b>5,632</b>
Exchange rate differences on cash and cash equivalents		-	1
(Decrease)/Increase in cash and cash equivalents		(2,851)	4,172
Cash and cash equivalents at the beginning of the period		4,117	1,783
<b>Cash at the end of the period</b>		<b>\$ 1,266</b>	<b>\$ 5,956</b>

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.



## **BioHarvest Sciences Inc.**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**U.S. dollars in thousands, except per share data**

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#### **NOTE 1- GENERAL:**

##### **A. Formation of the Company and Description of business:**

BioHarvest Sciences Inc. the “Company” or “BioHarvest Sciences”) together with its wholly owned subsidiaries (the "Group") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013. On September 27, 2018, the Company completed a qualifying transaction (the “Transaction”) with BioHarvest Ltd., (“BioHarvest”), a company incorporated in Israel, and BioHarvest’s 100% wholly owned subsidiary, Dolarin Ltd., (“Dolarin”), a corporation incorporated in Israel. The Company issued 48,337,496 shares to BioHarvest in consideration for 100% of the issued share capital of Dolarin (1,000,000 shares). As a result of the Transaction, Dolarin became a wholly-owned subsidiary of the Company. Completion of the Transaction resulted in a reverse takeover and change of business for the Company (the “RTO”)

BioHarvest was incorporated in January 2007 and commenced its activity in July 2007.

In July 2014, BioHarvest Ltd incorporated a Delaware based subsidiary, BioHarvest Inc.

On February 26, 2018, BioHarvest incorporated a wholly owned subsidiary in Israel, Dolarin Ltd.

On December 5, 2019, BioHarvest Sciences incorporated a wholly owned subsidiary in Israel, BioFarming Ltd. ("BioFarming" or "Merger Sub").

On October 28, 2020, BioHarvest Sciences incorporated a wholly owned subsidiary in Delaware, Superfood Nutraceuticals Inc. ("Superfood").

##### *Description of Business*

The Company is engaged in two business segments.

- a) It is engaged in research and development in the food industry via its Superfruits products and
- b) It is engaged in research and development in the cannabis industry via its Bio-Plant CELLicitation™ technology. The Bio-Plant CELLicitation™ technology developed by the Company is protected with 14 granted patents.

##### Super fruits

The Company’s first nutraceutical superfruits product, VINIA®, is a red grape powder to be consumed as a food that supplies the benefits of red wine consumption but without the sugar and alcohol found in wine. The Company has conducted various clinical trials, to verify the efficacy of the VINIA® powder and has made all required notifications required by the FDA to support the use of its claims on packaging and in communication materials. VINIA® has gone through the necessary regulatory approval processes both in the US and in Israel and is approved classification as a food item as well as a dietary supplement in these respective markets.

##### Cannabis

The Company's Bio-Plant CELLicitation™ technology is used in the medical cannabis industry to produce cannabis cells in a process that is controlled, consistent, aseptic, non-GMO, pesticide-free and chemical-free.

##### **B. Going concern:**

Since inception through March 31, 2022, the Company has generated a cumulative loss of \$61,835. The Company generated negative cash flows from operating activities of \$2,503 and a loss in the amount of

## **BioHarvest Sciences Inc.**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

**U.S. dollars in thousands, except per share data**

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#### **NOTE 1- GENERAL (Continued):**

\$2,130 for the three months ended March 31, 2022. As of the date of the issuance of these financial statements, the Company has not yet commenced generating significant sales, and therefore depends on fundraising from new and existing investors to finance its activities.

These factors raise material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **C. COVID-19:**

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to challenges in finalizing the construction and installation of all equipment and systems required to fully operate the 20 Ton per year manufacturing facility by the end of Q1, 2023. The Company has already implemented a number of precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, and to potential clients and partners, which may adversely impact the Company's productivity from an R&D perspective and its business in the supply chain sector. The Company is also fully compliant with local rules and regulations instituted during COVID 19 and understands that mandatory or voluntary self-quarantines may limit the staffing at the Company's facility which will have a further impact on productivity. Management continues to be fully engaged in assessing the impact of COVID-19 and adjusting its operations accordingly to minimize the impact on business performance.

Amidst this highly challenging operating environment, the Company assesses that COVID-19, had no material effect on its business, operations or financial results.

#### **NOTE 2 - BASIS OF PREPARATION:**

The Company prepares its unaudited interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. These interim unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial information does not include all of the information required for annual consolidated financial statements and should be read in conjunction with the annual financial statements as of December 31, 2021. The significant accounting policies applied in the annual financial statements of the Company as of December 31, 2021 are applied consistently in these interim consolidated financial statements.

#### *New IFRSs adopted in the period*

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2022 (the date of the Company's next annual financial statements). The Company has decided not to early adopt these standards

## BioHarvest Sciences Inc.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements

U.S. dollars in thousands, except per share data

#### NOTE 2 - BASIS OF PREPARATION (continued):

and interpretations. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

#### NOTE 3 - DERIVATIVE LIABILITY- WARRANTS:

- (i) A summary of changes in share purchase warrants issued by the Company during the three months ended March 31 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2020	26,786,332	0.18
Issuance of warrants	19,340,521	0.47
Exercised	(18,298,832)	0.19
Expired	(8,487,500)	0.19
<b>Balance, December 31, 2021</b>	<b>19,340,521</b>	<b>0.47</b>
Exercised	(164,000)	0.45
Expired	(15,285,829)	0.45
<b>Balance, March 31, 2022</b>	<b>3,890,692</b>	<b>0.55</b>

The following table summarizes information about warrants outstanding as of March 31, 2022:

Date of issuance	Date of expiry	Exercise price	Exercisable at September 30, 2021
August 30, 2021	August 30, 2022	\$ 0.43 (CAD 0.55)	3,422,687
October 4, 2021	October 4, 2022	\$ 0.43 (CAD 0.55)	468,005
			<b>3,890,692</b>

As the warrants issued by the Company have an exercise price denominated in Canadian dollars, which differs from the Company's functional currency, they do not qualify for classification as equity. These warrants have been classified as warrant liability and are recorded initially at the fair value and revalued at each reporting date, using the Black-Scholes valuation method. Changes in fair value for each period are included in comprehensive profit and loss for the period.

- (ii) The Company uses the Black-Scholes option pricing model to estimate fair value of the warrant liability at the end of each reporting period.

- (iii) The following assumptions were used to estimate the fair value of the derivative warrant liability on:

	3,422,687		468,005	
	At Issuance Date August 30, 2021	March 31, 2022	At Issuance Date October 4, 2021	March 31, 2022
Expected life of warrants	1 year	0.4 years	1 year	0.5 years
Expected volatility	50%	50%	50%	50%
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.89%	2.37%	1.15%	2.37%
Market price of Common share	CAD 0.395	CAD 0.35	CAD 0.33	CAD 0.35
Exercise price	CAD 0.55	CAD 0.45	CAD 0.55	CAD 0.55

## BioHarvest Sciences Inc.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements

U.S. dollars in thousands, except per share data

#### NOTE 3 - DERIVATIVE LIABILITY- WARRANTS (Continued):

The Company looks at the expected volatility of the shares of comparable companies and compares these with the volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on Canadian government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term.

For the three month period ended March 31, 2022, the Company recorded an income of \$615 (March 31, 2021: loss of \$4,555) in the statement of comprehensive loss as a result of the change in the fair value of the warrant liability.

#### NOTE 4 - SHARE CAPITAL:

	Number of shares	
	March 31, 2022	December 31, 2021
	Issued and outstanding	Issued and outstanding
Ordinary shares	454,496,636	453,630,137

- The Company is authorized to issue an unlimited number of common shares.
- During the three month period ended March 31, 2022 the Company issued 464,000 common shares as a result of the exercise of 300,000 warrants with an exercise price of CAD 0.14 (\$0.10) and the exercise of 164,000 warrants with an exercise price of CAD 0.45 (\$0.36). The increase in share capital as a result of these transactions is \$99.
- During the three month period ended March 31, 2022 the Company issued 402,499 common shares as a result of the exercise of 152,499 options with an exercise price of CAD 0.19 (\$0.15) and the exercise of 250,000 options with an exercise price of CAD 0.15 (\$0.11). The increase in share capital as a result of these transactions is \$53

#### NOTE 5 - SHARE BASED COMPENSATION:

- Options granted under the Company's 2008 Israeli Share Option Plan ("Plan") are exercisable in accordance with the terms of the Plan, within 10 years from the date of grant, against payment of the exercise price.
- On January 1, 2022 the Company canceled 650,000 options granted on December 24, 2020 at CAD 0.19 (\$0.15).
- On March 25, 2022 the Company granted 482,000 options to purchase the Company's shares at CAD 0.35 (\$0.28) per share under the Company's share option plan. The options will be exercisable for a 10-year period. 240,000 options will vest quarterly over a 3-year period, 215,000 options will vest quarterly over a 1-year period, 12,000 options will vest monthly over a 6 month period and 15,000 options will vest monthly over 4 month period. The total value of the options granted is CAD 79 (\$63).
- The following table summarizes information about the expenses recorded as a result of share based compensations:

	Three months ended March 31,	Three months ended March 31,
	2022	2021
Equity settled compensations	441	665
Cash settled compensations	32	25
	<b>473</b>	<b>690</b>

## BioHarvest Sciences Inc.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements

U.S. dollars in thousands, except per share data

#### NOTE 5 - SHARE BASED COMPENSATION (Continued):

- e. A summary of activity of options granted to purchase the Company's Shares under the Company's share option plan is as follows:

	March 31, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding as beginning of period	63,958,113	0.19	48,542,113	0.11
<b>Changes during the period:</b>				
Options granted (See c)	482,000	0.28	15,416,000	0.43
Options cancelled (See b)	(650,000)	0.15	-	-
Options exercised (See note 4c)	(402,499)	0.13	-	-
Options Forfeited*	(22,501)	0.11	-	-
<b>Options outstanding at end of period (**)</b>	<b>63,365,113</b>	<b>0.19</b>	63,958,113	0.19
Options exercisable at end of period	55,536,405		52,566,077	

(\* ) The during the three month period ended March 31, 2022 22,501 options were forfeited due to termination of employment.

(\*\* ) The options outstanding at March 31, 2022 had a weighted-average contractual life of 8.1 years (March 31, 2021: 5.3 years).

The following table summarizes information about the options outstanding as at March 31, 2022:

Options Outstanding			Options Exercisable
Number Outstanding at March 31, 2022	Exercise Price	Expiry Date	at March 31, 2022
18,098,196	\$0.105 (CAD 0.14)	June 9, 2030	16,339,325
11,008,917	\$0.11 (CAD 0.15)	June 10, 2030	10,875,128
12,410,000	\$0.11 (CAD 0.15)	July 27, 2030	12,070,893
700,000	\$0.11 (CAD 0.15)	September 10, 2030	670,833
950,000	\$0.10 (CAD 0.135)	November 9, 2030	757,870
4,315,000	\$0.15 (CAD 0.19)	December 24, 2030	3,236,614
765,000	\$0.23 (CAD 0.36)	January 12, 2031	522,377
245,000	\$0.34 (CAD 0.43)	January 29, 2031	239,574
431,000	\$0.40 (CAD 0.50)	February 8, 2031	314,585
6,000,000	\$0.52 (CAD 0.66)	February 25, 2031	5,088,641
5,223,800	\$0.41 (CAD 0.51)	March 22, 2031	4,221,282
423,000	\$0.36 (CAD 0.45)	July 9, 2031	258,020
950,000	\$0.27 (CAD 0.34)	October 8, 2031	413,443
400,000	\$0.28 (CAD 0.35)	October 21, 2031	157,968
113,200	\$0.33 (CAD 0.40)	October 29, 2031	51,329
850,000	\$0.30 (CAD 0.38)	November 29, 2031	306,735
482,000	\$0.28 (CAD 0.35)	March 25, 2032	11,788
<b>63,365,113</b>			<b>55,536,405</b>

## BioHarvest Sciences Inc.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements

U.S. dollars in thousands, except per share data

#### NOTE 5 - SHARE BASED COMPENSATION (Continued):

##### Warrants

f. The following assumptions were used to estimate the fair value of the options:

Expected volatility	50%
Expected dividend yield	0%

g. A summary of activity of warrants granted to purchase the Company's Shares, accounted for as share based compensation is as follows:

	March 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding as beginning of year	3,147,467	0.13	4,415,615	0.11
<b>Changes during the period:</b>				
Issuance of warrants (See b-i)	-	-	247,467	0.33
Exercised	(300,000)	0.10	(1,481,012)	0.11
Expired	(197,467)	0.35	(34,603)	0.11
<b>Warrants outstanding at end of period</b>	<b>2,650,000</b>	<b>0.11</b>	<b>3,147,467</b>	<b>0.13</b>

The following table summarizes information about the warrants outstanding as at March 31, 2022:

Warrants Outstanding		
Number Outstanding at March 31, 2022	Exercise Price	Expiry Date
1,600,000	\$0.11 (CAD 0.15)	August 5, 2022
1,000,000	\$0.11 (CAD 0.15)	August 5, 2022
50,000	\$0.27 (CAD 0.34)	October 8, 2023
<b>2,650,000</b>		

#### NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT:

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The following table summarizes the information about the level 3 fair value measurements:

Item	Fair value	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Derivative liability - Warrants	15	Black-Scholes model	level 3	Volatility of firm's assets returns*

\* A change in the volatility measure by 5% results in a change of +/- \$9 of the fair value

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

The Company recognized the Liability to Agricultural Research Organization initially at fair value and was subsequently carried at amortized cost using the effective interest rate method.

**BioHarvest Sciences Inc.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

U.S. dollars in thousands, except per share data

**NOTE 6 - FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT (Continued):**

The fair value as of March 31, 2022 and December 31, 2021 is not materially different to the carrying amount, since the interest rate used in the initial recognition is close to current market rates.

*Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:*

**Derivative liability - Warrants**

Balance as of December 31, 2020	672
Issuance of Warrants	1,379
Exercise of Warrants	(2,189)
Loss recognized due to changes in Warrant's terms	-
Loss (income) recognized in Profit or loss	774
<b>Balance as of December 31, 2021</b>	<b>636</b>
Warrants exercise	(6)
Loss (income) recognized in Profit or loss	(615)
<b>Balance as of March 31, 2022</b>	<b>15</b>

**NOTE 7 - RELATED PARTIES TRANSACTIONS:**

Related parties including the Company's CEO, CFO, Chairman of the Board and Directors.

**Related party transactions (unaudited):**

	Three months ended March 31, 2022	Three months ended March 31, 2021
<b>Compensation of key management personnel of the Company:</b>		
CEO Management fees	133	95
Chairman Management fees	40	36
CFO Management fees	8	8
Share based payment to CEO	43	108
Share based payment to Chairman	85	24
<b>Other related party transactions:</b>		
Share based payments	26	115

**Balance with related parties:**

<b>As of March 31,</b>	<b>2022</b>	<b>2021</b>
Due to CEO	101	-

**BioHarvest Sciences Inc.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements**

U.S. dollars in thousands, except per share data

**NOTE 8 - OPERATING SEGMENTS:**

The Company and its subsidiaries are engaged in the following segments:

- Superfruits: development, design, manufacture and marketing of "VINIA®" for the retail market.
- Cannabis: development, design, manufacture and marketing of medical Cannabis.

## 1) Segment information

	<b>Three months ended March 31, 2022</b>		
	<b>Superfruits</b>	<b>Cannabis</b>	<b>Total</b>
<i>Revenues</i>			
External	699	-	699
Inter-segment			
<i>Total</i>	699	-	699
<i>Segment loss</i>	1,874	759	2,633
<i>Finance expense (income), net</i>			(503)
<i>Tax expenses</i>			
<i>Loss (income)</i>			2,130

	<b>As of March 31, 2022</b>			
	<b>Superfruits</b>	<b>Cannabis</b>	<b>Adjustment &amp; Elimination</b>	<b>Total</b>
<i>Segment assets</i>	9,995	17,250	(19,198)	8,047
<i>Segment liabilities</i>	16,057	5,508	(14,836)	6,729

	<b>Three months ended March 31, 2021</b>		
	<b>Superfruits</b>	<b>Cannabis</b>	<b>Total</b>
<i>Revenues</i>			
External	313	-	313
Inter-segment	-	-	-
<i>Total</i>	313	-	313
<i>Segment loss</i>	896	1,334	2,232
<i>Finance expense, net</i>			4,577
<i>Tax expenses</i>			-
<i>Loss</i>			6,809



**BioHarvest Sciences Inc.****Notes to the Unaudited Interim Condensed Consolidated Financial Statements****U.S. dollars in thousands, except per share data**

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**NOTE 8 - OPERATING SEGMENTS (Continued):**

	<b>As of March 31, 2021</b>			
			<b>Adjustment &amp; Elimination</b>	<b>Total</b>
	<b>Superfruits</b>	<b>Cannabis</b>		
<i>Segment assets</i>	9,042	11,036	(10,184)	9,894
<i>Segment liabilities</i>	9,040	9,474	(5,822)	12,692

2) Entity wide disclosures of external revenue by location of customers:

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Israel	<b>392</b>	313
Other	<b>307</b>	-
	<b>699</b>	313

3) Additional information concerning revenues:

There is no single customer from which revenues amount to 10% or more of total revenues reported in the financial statements.

**NOTE 9 - SUBSEQUENT EVENTS:**

- During April 2022 the Company received \$836 as part of a Covariable Loan
- On May 6, 2022 the Company granted 385,000 options to employees and consultants at an exercise price of CAD 0.34 (\$0.27).