BioHarvest Sciences Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022

(Expressed in U.S. dollars)

INTRODUCTION

The following Management's Discussion and Analysis (”MD&A”) for BioHarvest Sciences Inc., together with its wholly owned subsidiaries ("BioHarvest Sciences” or “the Company”) prepared as of November 28, 2022 has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (IASB). All amounts (other than per share amounts) are stated in U.S dollars rounded to the nearest thousand, unless otherwise indicated.

The following information should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2022, and the related notes to those financial statements.

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward looking statements.

The Company is publicly traded on the Canadian Securities Exchange under the symbol BHSC, on the OTC under the symbol CNVCF and on the Frankfurt Stock Exchange under the symbol 8MV. Continuous disclosure materials are available on our website at www.bioharvest.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain information that may constitute “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," “likely”, "may," "will," "should," "intend," or "anticipate", “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this MD&A are made only as of the date of this MD&A. Forward-looking statements in this MD&A may include, but are not limited to, statements with respect to: a) licensing risks; b) regulatory risks; c) change in laws, regulations and guidelines; d) market risks; e) expansion of facilities; f) history of net losses; and g) competition. Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the bio-farming, nutraceutical and cannabis industries, the general expectations of the Company concerning these industries and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources, from market research and industry analysis and on assumptions based on data and knowledge of these industries, which the Company believes to be reasonable. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors and the Company has not independently verified such third party information. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under “Nature of the Business and Overview of Operations” as well as statements regarding the Company’s objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. See “Risk and Uncertainties” for further details. The purpose of forward-looking statements is to provide the reader with a description of management’s expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward- looking statements contained in this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements.

Going Concern

Since inception through September 30, 2022, the Company has generated a cumulative loss of $68,135 thousands. For the nine month period ended September 30, 2022, the Company generated negative cash flows from operating activities of $6,737 thousands and a loss in the amount of $8,430 thousands. As at the date of the issuance of these financial statements, despite a significant turn-around in the Company's revenue performance in its Israel operations as well as promising results from its VINIA® launch in the USA, the Company has not generated significant sales and therefore depends on financing activities from investors to fund its activities.

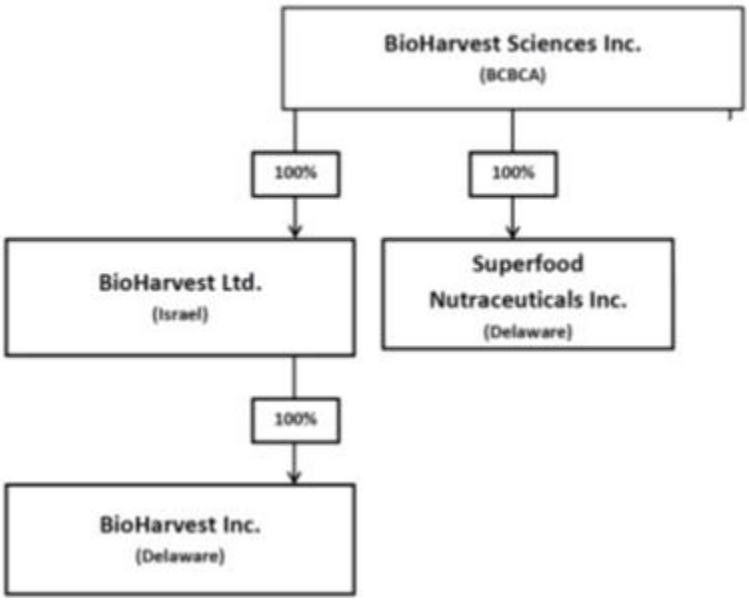
Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course of business. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. The foregoing indicates the existence of a material uncertainty that may cast substantial doubt as to whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company’s consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business.

NATURE OF BUSINESS AND OVERVIEW OF OPERATIONS

1. Summary

BioHarvest Sciences Inc. (the "Company" or "BioHarvest Sciences") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013.

2. Corporate Structure



3. Overview of the business

The Company has developed a patented bio-cell growth platform technology which it has termed Bio-Plant CELLicitation ™ which enables the Company to grow, at industrial scale, the active and beneficial *ingredients* inherent in certain fruit and plants, without the need to grow the plant itself. This technology is economical, ensures consistency, and avoids the negative environmental impacts associated with traditional agriculture. The Company is currently focused on utilizing this technology platform which is protected by 14 patents covering two major verticals: Polyphenol/Antioxidants and Cannabis. The Company currently targets the Nutraceutical market with its first product in its polyphenol/anti-oxidant vertical called VINIA® and will shortly be targeting the Cannabis market with a range of Cannabis strains focused on the medicinal cannabis market

Polyphenol/Anti-Oxidants

The Company is engaged in research and development in the food industry. The Company's first Polyphenol/Anti-Oxidant products is a nutraceutical superfruit product called VINIA® which is a red grape powder that supplies the benefits of red wine consumption but without the sugar, calories 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 for classification as a food item as well as a dietary supplement/nutraceutical in these respective markets.

Cannabis

The Company is engaged in research and development of its Bio-Plant CELLicitation ™ technology for use in the cannabis industry and has finalized the research and development program for its first Cannabis products which it plans to bring to market in the next 6-12 months. This plant based technology produces cannabis trichomes which produce the key active cannabinoids, flavonoids and terpenes, in a process that is controlled, consistent, aseptic, non-GMO, and free of pesticides, solvents and pathogens.

The Company is focused on driving its growth in the multi-billion dollar nutraceutical and cannabis markets via its polyphenol/anti-oxidant and cannabis business verticals.

Polyphenol/Anti-Oxidants

The Company's first polyphenol/anti-oxidant nutraceutical superfruits product, VINIA®, is made of red grape (Vitis vinifera) cells grown in the Company's proprietary bioreactor facility. VINIA® is a fine dry pink-purple powder containing a matrix of polyphenols (with a high concentration of piceid resveratrol) in their natural state (as can be found in red wine), that have additive and synergistic benefits. The technology is protected by 14 granted patents. One of the main active ingredients in VINIA® is piceid resveratrol, maintaining the quality and inherent benefits present in nature without any solvent extraction or genetic modification. VINIA® is soluble when integrated with various liquids or cosmetics.

The Company has conducted several clinical trials at independent institutions (following rigorous protocols) to demonstrate that VINIA® is the first natural vasodilator produced without sugar or calories. VINIA®'s major mechanism of action is the increase of NOs (Nitric Oxidase) and decrease of ET1, an endothelial secreted protein, resulting in the vasodilation of blood vessels and blood perfusion. The following functional claims, supported by the clinical trials, clearly indicate the benefits of VINIA®:

- supports heart health by improving blood flow and delivery of oxygen;
- increases dilation of arteries and blood vessels;
- supports blood pressure already within normal range;
- supports blood circulation;

- improves physical energy and mental alertness via the delivery of increased blood flow and oxygen to the body's tissues and organs;
- fuels anti-oxidant activity with your veins and arteries;
- prevents oxidative damage to your cells ; and
- reduces oxidation of LDL cholesterol

The Company has also made all the required notifications required by the FDA to support the use of these claims on packaging and in communication materials.

VINIA® has gone through the necessary regulatory approval processes both in the US and in Israel. It has approval to be classified as a food item as well as a dietary supplement in these respective markets. The Company is also currently in the process of applying for regulatory approvals for the EU, UK and Canada.

The Company has invested over $50 million, primarily in R&D activities to support the business. This investment has enabled the Company to develop a disruptive technology platform which mirrors nature and allows it to efficiently produce plant cells that are identical to those that were originally sourced from the parent plant, ensuring optimal bio-availability and efficacy of the secondary metabolites and is termed Bio-Plant CELLicitation ™. In addition, our Bio-Plant CELLicitation™ technology is the only non GMO platform that can produce plant cells with significantly higher concentration of the active ingredients, as compared to those that are produced by nature as well as extremely high levels of solubility and bio-availability. Our technology provides a) consistent product production, b) a year round production cycle and c) products that are devoid of sugar, calories and contaminants such as pesticides, heavy metals and residues).

In terms of manufacturing capacity, the Company currently has a two tons/year production facility. The Company has signed a binding Memorandum of Understanding with Sugart Israel who is partnering with the Company to operate the newly established 20 Ton Manufacturing facility and implement the required technology and process improvements to drive significant cost reduction through economies of scale. This facility received Good Manufacturing Practice (GMP) approvals from the Israeli Ministry of Health in October 2021 as well as key ISO certifications. The Company completed the biological technology transfer in March 2022 and has quickly scaled up its manufacturing of VINIA® red grape cells at this new facility enabling the Company to meet the increasing demand which is being driven from the US Market.

The Company has a well-developed innovation pipeline in its polyphenol/anti-oxidant vertical. Over the next three years, the Company plans to introduce a number of new products under the VINIA® brand including protein energy bars and gummies/chews as well as introducing Olive cell based products and pomegranate cell based products using its Bio-Plant CELLicitation™ technology.

In Q4, 2020 the Company made a conscious decision to focus its sales and marketing efforts on direct to consumer channels and commenced a heavy online e-commerce marketing program for VINIA® to develop a significant and scalable direct-to-consumer e-commerce business in Israel.

With a highly sophisticated and mature market, Israel can be regarded as a viable test market for the Company as it seeks to optimize all aspects of the e-commerce marketing mix prior to scaling these activities in the USA market, which represents more than 40% of the global dietary supplement market.

In 2021, the Company accelerated its VINIA® business performance in Israel delivering sales orders of USD 1,700. In addition, in May 2021, the Company began the introduction of VINIA® into the US market, with a market size for dietary supplements of USD 43 Billion dollars, which represents the largest market in the world for dietary supplements. In 2021 the Company successfully built a strong subscription base and laid the foundations for the scaling of its business in 2022 in the USA with acquisition and implementation of the required e-commerce technology systems, marketing assets and capabilities and supply chain partners.

The Company is starting to see the benefits of its capability building in the growth of the US and Israeli businesses. In Q3, 2022, VINIA® sales orders reached a record high of USD 1.71M representing 145% growth compared to Q3 2021 and 81% growth compared to Q2 2022.

Q3 2022 sales orders in the US reached USD 1.08M (representing 350% growth over Q3 2021 and 200% growth over Q2 2022). The US sales metrics were extremely healthy and demonstrate steady continuous improvement on all key metrics. 81% of total VINIA customers are subscription based, and the percentage of 3 month or greater VINIA subscriptions is at an all-time high level of 89%, which demonstrates customer commitment to the VINIA brand and represents a significant customer lifetime value. Customer cost of customer acquisition in Q3 2022 declined by more than 50% compared to Q2 2022, demonstrating the proficiency of the marketing team to skillfully employ the most efficient media mix with consumers. The reduced cost of acquisition was largely driven by high performing TV content and advertising and Google and Facebook advertising. The US consumer has grown more sophisticated in the choices they make when purchasing products to support their health and wellness objectives, and VINIA continues to achieve a best-in-class verified customer rating of 4.8 out of 5 with over 1,190 verified reviews received up until November 23, 2022, demonstrating VINIA's ability to make a significant foundational positive impact to consumers' lives.

In Q3 2022, the Israeli market continued to demonstrate increased consumer adoption of VINIA® and delivered sale of USD 627K (39% growth over Q3 2021 and 10% growth from Q2 2022). Total new customers in Israel grew 15% in Q3 2022 over Q2 2022. VINIA® has a strong customer base in Israel and is becoming a household recognized brand. Average $ spend per transaction reached an all-time high of US$210 per transaction.

In July 2022, the Company transitioned all of its manufacturing capability to the new 20 Ton Facility and has made significant progress in scaling its manufacturing operations to provide increased supply of VINIA® to support the scaling of marketing activities in the US Market.

These results in the US operations have been driven as a result of the Company commencing the scaling up its US marketing in line with its 2022 growth plan that aims for significant growth in sales orders following commercial entry in 2021. On August 15, 2022 the Company launched its first integrated marketing campaign which includes TV and online advertising with a special focus on Christian programming via leveraging the power of the TBN (Trinity Broadcasting Network), the world's largest religious-based television network. As part of the sponsorship agreement with TBN, VINIA 60 and 30 second advertisements will appear frequently across key programming on the network and the Company's CEO, Ilan Sobel appeared on the network's flagship programs hosted by Eric Metaxas and Mike Huckabee, with all content supported by advertising and educational online content. The Company has also expanded its e-commerce distribution channel to include Amazon, where VINIA® as of August 18 is available for sale on the Amazon network. This expected to maximize the impact of the TV advertising and ensure that VINIA® is available for consumers who are exclusive Amazon shoppers.

In addition to these consumer facing activities, the Company also in September 2022, commenced the development of a new Direct to Doctor (D2D) channel. The Company is focused on ensuring that all Integrative Medicine Specialists across the US are well aware of the unique benefits of VINIA®. Many of these specialists, sell dietary supplements direct to consumers and the Company is focused on driving the awareness of VINIA® and its benefits across this critical influencer community and ensuring that VINIA® is their preferred Heart Health and Energy supplement to recommend to patients. This effort is being led by the Company's Chief Medical Officer, Dr Brian Cornblatt in partnership with the marketing and commercial organization. The Company plans to allocate significant resources to build out this key strategic influencer channel in the future given its strategic importance and the fact that in the US today, approximately 30 million consumers turn to Integrative Medicine Specialists as their preferred provider of general medical services.

As at the date of the MD&A, the Company continues to see significant increase in sales momentum driven by the TV support and other marketing activities and looks forward to seeing this momentum build through Q4 2022 and ongoing quarters.

The Company has also enhanced its marketing capabilities in the Israeli market where the Company in June 2022 launched an Arabic language web site to target this important segment of the population. The Company has seen already very positive customer acquisition numbers given the appeal of the VINIA® proposition to this market as a result of each capsule delivering all the benefits of one bottle of red wine without any alcohol. The Company has also achieved the required kosher certification to be able to target a broader audience in the Israeli market which now opens a significant new segment to generate customer acquisition and revenue growth.

On July 7, 2022 the Company received a purchase order for 1,000 kg of VINIA® from Batory Foods (Batory), to be delivered by the end of December 2022. Batory Foods is a leading food ingredients distributor in the USA and is one of the top three companies in the nutraceutical and

food and beverage ingredient segments of the market. Batory is the exclusive B2B distributor of BioHarvest's Nutraceutical products and expected Hemp based Cannabis products in the US.

This 1,000kg order will support a pipeline of 6 major customers testing VINIA® for inclusion in their final products. In addition to the significant size of this purchase order, it also carries more favorable financial terms for BioHarvest in reflection of the higher B2B wholesale price of VINIA® in the market and reflects the willingness of end customers to pay higher pricing for VINIA® when utilizing VINIA® as a key ingredient in their respective products.

The Company continues to complete the required research and development activities lay the foundation for its new product pipeline in its Polyphenol/Anti-oxidant vertical for 2023 including the launch of VINIA® Protein Bar, VINIA® Gummies/Chews in the first half of 2023.

Cannabis

The Company continued its significant momentum in Q3-22 across its Cannabis development and commercialization program.

On March 23, 2022, the Company announced a major milestone that it produced Cannabis Biomass in large scale industrial bioreactors, which represents the completion of the Company's Cannabis R&D program. This milestone marks the start of the transition to commercial scale manufacturing. To that end, the Company has commenced the process to obtain a production license in Israel for its Cannabis products to complement the R&D license it has used to date for the Cannabis development program and plans to bring its first Cannabis products to market in H2 of 2022 and will be converting the current VINIA® 2 tons/year facility in Rehovot, Israel to Cannabis production. This is occuring in conjunction with the transition of all VINIA ® manufacturing to the new 20 tons/year facility in Yavneh, Israel, which will support the scaling of successful sales of VINIA® in the US and other markets.

On May 12, 2022, the Company announced its full spectrum profile to include major and minor Cannabinoids as well as Terpenes. Reliable testing and measurements demonstrate that the composition profile includes the Cannabinoids THC, CBD, CBG, THCV, CBDV and CBC, as well as the Terpenes Beta-caryophyllene, Betapanasinsene and Selina. The profile and ratio between the various Cannabinoids found in the Company's product is unique and sets a path for both potential patentability and applicability to address medical indications such as ADHD, pain management and anxiety. Moreover, the Company announced that it's unique trichome structure provides for potentially higher solubility and bioavailability. This would allow administration of lower doses to

achieve the same desired effects, which would otherwise require a higher quantity in the case of conventionally cultivated Cannabis products.

On October 25, 2022, the Company introduced it's first Cannabis breakthrough composition with major medical and commercial implications. The Company demonstrates unprecedented Cannabinoids tuning and elicitation capabilities (12X increase versus original plant) using its proprietary Bio-Plant CELLicitation™ platform technology.

- **Ground-breaking Science –** Increasing the total Cannabinoids from 3% in the original plant flower to 36% and increasing THC from 0.09% to 7.5% in the final product (83X) demonstrate the power of the Company's Bio-Plant CELLicitation™ technology to control the Cannabinoids levels and ratios in a full spectrum composition. In addition, naturally eliciting rare minor cannabinoids such as CBDV (88X) and THCV (249X) to significant biological active levels in the same composition with high level of major Cannabinoids is unprecedented.
- **Medical Impact** – Unique composition of significant amounts of major and minor Cannabinoids, in a full spectrum form, paves the road for multiple Cannabis-based therapeutic solutions targeting key chronic indications such as pain management, anxiety, sleep disorder and ADHD**.**
- **Commercial Implications –** The ability to start from a CBD Hemp plant and control the THC levels in the final composition would allow BioHarvest to sell unique Hemp-based non-synthetic therapeutic products (including distillates) on a federally legal base in the US. The sales & marketing of such products will take advantage of the already established "Direct to Consumer" commercial platform successfully employed by the Company for its VINIA product. The Company can also target a wider range of health and wellness applications with unique products that combine its Polyphenols-based (VINIA, olives and pomegranate) compounds with the Hemp-based compositions.

On November 16, 2022, the Company announced the signing of a binding Letter of Intent with Royal Emerald Pharmaceuticals (REP), one of only seven Drug Enforcement Administration (DEA) bulk manufacturing registration holders permitted to grow marijuana in the United States for drug related studies approved by the US Food and Drug Administration.

The 3-year initial term (with extension provisions) exclusive arrangement allows the supply of BioHarvest cannabis products for research purposes to pharmaceutical companies, research institutions and other DEA registered entities in the United States federally and opens the door to advance cannabis research initiatives for drug development through cannabinoid compositions not found in nature. Under the multi-year deal, BioHarvest will be REP's exclusive provider of cannabis that is produced from non-traditional cultivation methods for scientific, medical and research purposes across the DEA-regulated U.S. market. As part of the LOI, REP has participated with $1 million in BioHarvest's convertible loan investment instrument that closed its second tranche on November 15th. The Company will commence providing its unique Cannabis compositions to REP, once the Company receives its final Cannabis manufacturing licenses from the Israeli Ministry of Health and commences growing Cannabis at its 2 Ton/year facility in Israel.

Following this announcement, the Company on August 16th held a special investor presentation to share their multi-pronged Cannabis strategy to enter the North American Cannabis market and maximize its ability to derive significant value from its unique Cannabis composition. The key focus areas of this strategy include:

- **National Hemp Market** – The company in the next 12 months will enter into the 5Billion + Hemp market which is growing g at a CAGR of 25% with unique hemp based products containing combinations of major cannabinoids (CBD) and minor cannabinoids (CBDV) as well as combining these products with the power of its polyphenol portfolio. The company will leverage its existing well developed e-commerce commercial capabilities to operationalize these products given that 40% of Hemp sales are purchased via the e-commerce channel
- **State by State Cannabis Market** - The company has prioritized key markets in the USA to enter where it believes it has the best product/market/partner fit and is currently in discussions with multi-state and single state operators to identify the best long-term partner to enter into specific prioritized states where the company will build local manufacturing facilities
- **Federal Cannabis Research and Drug Development Market** – The company recently announced a partnership with Royal Emerald Pharmaceuticals which has the required Drug Enforcement Agency (DEA) licenses to produce and import Cannabis and will enable BioHarvest to supply disruptive Cannabis solutions to companies conducting FDA-approved medical research for Cannabis drug development.

Environmental, Social and Governance Reporting:

In June 2021 the Company announced the publication of its inaugural Environmental, Social, and Governance (ESG) Report, detailing the Company's performance and ongoing commitment to creating a sustainable future. The Company a biotechnology company engaged in the production of Cannabis and cannabinoids to publish a comprehensive ESG report that commits to meaningful science-based targets over the next five years. Sustainability has always been at the core of the Company, with the Company's Bio-Plant CELLicitation™ technology allowing it to produce active plant ingredients without having to grow the plant itself. This practice substantially reduces resource requirements in general, as well as greenhouse gas emissions – which would otherwise be generated – and prevents biodiversity loss. For example, the Company in the production of its VINIA® product:

- Uses 99.99% less land than traditional agriculture
- Produces zero Scope 1 or direct GHG emissions in the Bio-Plant CELLicitation™ manufacturing process
- Uses no solvents or pesticides in the manufacturing process, resulting in wastewater that is 100% biodegradable and contains no chemicals
- Produces no hazardous waste in the manufacturing process

The report details the policies, metrics, and programs that support each of the Company's four key ESG pillars:

1. **Product:** Promoting pure well-being by providing fully traceable, science-based and innovative products with proven health benefits that improve the well-being of our customers.
2. **Process:** Demonstrating the minimal footprint of our production process while striving to reduce any adverse impact on water use, climate, and the environment.
3. **People:** Supporting our people by treating them with the utmost respect, the safest working conditions and allowing them to develop and thrive in the workplace; and
4. **Governance:** Setting the standard for end-to-end sustainability, ethical marketing, business ethics, and transparency in our industry.

The report is aligned with the United Nations Sustainable Development Goals and the reporting requirements of the Task Force on Climate-Related Financial Disclosures and the Sustainability Accounting Standards Board.

On September 6, 2022 Business intelligence group awarded the Company with the prestigious sustainability leadership award. The award recognizes the sustainability impact of the Company's Bio Plant CELLicitation technology, which enables industrial production of plant metabolites without growing the plant itself. The Company received the award with other industry thought leaders such as AstraZeneca, Agilent, and Honeywell.

The Company has conducted an initial benchmarking of its Cannabis manufacturing versus the Cannabis industry benchmarks for indoor cultivation. The benchmarking demonstrated the following key critical advantages which are derived from the Company's unique technology platform to grow Cannabis:

1. Water Productivity – The Company can produce 54X more grams of dry Cannabis flower per gallon of water vs Indoor cultivation

2. Energy Productivity - The Company can produce 8X more grams of dry Cannabis flower per kilowatt of electricity vs Indoor cultivation

3. Production instensity – 19X more grams of Cannabis dry flower per square foot of space

The Company continues to invest significant resources to further improve its utilization of scarce resources in the VINIA® manufacturing process and plans to release its next ESG report in Q3, 2023 which will include the significant benefits which will be derived from the application of its new drying technology and other efficiency projects

Significant Developments

To better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities that occurred during or have affected the period under review up to and including the date of this MD&A.

- On May 12, 2022, the Company announced it had achieved a number of critical milestones in the Bio-Plant CELLicitation ™ of Cannabis as detailed above.
- During the nine month period ended September 30, 2022 the Company issued 3,064,000 common shares as a result of the exercise of 300,000 warrants issued to employees and or consultants with an exercise price of CAD 0.14 ($0.10), 2,600,000 warrants issued to consultants with an exercise price of CAD 0.15 ($0.11) and the exercise of 164,000 warrants issued to investors with an exercise price of CAD 0.45 ($0.36).
- During the nine month period ended September 30, 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 3,869,639 options with an exercise price of CAD 0.15 ($0.11).

COVID-19

The Company considers that for the nine month period ended September 30 2022, COVID-19 had no additional material effect on its business, operations or financial results than stated on the yearly 2021 report.

SELECTED INFORMATION

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2022	**2021**	**2022**	**2021**
	USD in thousands			
Revenues	**$ 1,517**	$ 644	**$ 3,054**	$ 1,372
Net (loss) and comprehensive (loss)	**$ (3,924)**	$ (3,044)	**$ (8,430)**	$ (8,074)
Basic and diluted (loss) per share	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.02)

	Nine months period ended September 30,		
	2022	**2021**	**2020**
	USD in thousands		
Total Assets	$ **9,594**	$ 12,394	$ 3,927
Total current liabilities	$ **9,156**	$ 2,313	$ 1,292
Total non-current liabilities	$ **3,980**	$ 6,219	$ 2,782

Three month period ended September 30, 2022 compared to the three month period ended September 30, 2021:

Revenues, all of which relate to the Polyphenol Anti-Oxidant vertical of the Company, were $1,517 thousands for the three month period ended September 30, 2022, as compared to $644 thousands during the same period in the prior year. The increase in 2022 is a result of the Company's new business-to-consumer e-commerce strategy.

Cost of revenues were $1,243 thousands for the three month period ended September 30, 2022, as compared to $446 thousands during the same period in the prior year.

Research and development expenses, which relate solely to our cannabis segment, were $554 thousands for the three month period ended September 30, 2022, as compared to $814 thousands during the same period in the prior year. The decrease is mainly due to a decrease in the Company's share based compensation expenses.

Selling and marketing expenses relate to VINIA® and were $1,595 thousands for the three month period ended September 30, 2022, as compared to $981 thousands during the same period in the prior year. The increase was due to higher spend on marketing as part of the Company's business-

to-consumer e-commerce strategy in Israel and USA as well as hiring of new employees and professional fees.

General and administrative expenses increased to $1,102 thousands for the three month period ended September 30, 2022, as compared to $1,086 thousands during the same period in the prior year.
General and administrative expenses are incurred to support both our business segments.

Finance expenses were $951 thousands for the three month period ended September 30, 2022, as compared to $439 thousands during the same period in the prior year. The increase is primarily the result of fair value valuation of the convertible loan.
Finance expenses are incurred to support both our business segments.

Finance incomes were $4 thousands for the three month period ended September 30, 2022, as compared to $78 thousands during the same period in the prior year. The decrease is primarily the result of fair value adjustments applicable to the Company's outstanding warrants.
Finance incomes are incurred to support both our business segments.

Nine month period ended September 30, 2022 compared to the nine month period ended September 30, 2021:

Revenues, all of which relate to the Polyphenol Anti-Oxidant vertical of the Company, were $3,054 thousands for the nine month period ended September 30, 2022, as compared to $1,372 thousands during the same period in the prior year. The increase in 2022 is a result of the Company's new business-to-consumer e-commerce strategy.

Cost of revenues were $2,501 thousands for the nine month period ended September 30, 2022, as compared to $974 thousands during the same period in the prior year.

Research and development expenses, which relate solely to our cannabis segment, were $1,740 thousands for the nine month period ended September 30, 2022, as compared to $2,188 thousands during the same period in the prior year. The decrease is mainly due to a decrease in the Company's share based compensation expenses.

Selling and marketing expenses relate to VINIA® and were $3,704 thousands for the nine month period ended September 30, 2022, as compared to $2,058 thousands during the same period in the prior year. The increase was due to higher spend on marketing as part of the Company's business-to-consumer e-commerce strategy in Israel and USA as well as hiring of new employees and professional fees.

General and administrative expenses decreased to $3,184 thousands for the nine month period ended September 30, 2022, as compared to $3,459 thousands during the same period in the prior year. The decrease is mainly due to decrease in the Company's share based compensation expenses. General and administrative expenses are incurred to support both our business segments.

Finance expenses were $1,249 thousands for the nine month period ended September 30, 2022, as compared to $998 thousands during the same period in the prior year. The increase is primarily the result of fair value valuation of the convertible loan.
Finance expenses are incurred to support both our business segments.

Finance incomes were $894 thousands for the nine month period ended September 30, 2022, as compared to $231 thousands during the same period in the prior year. The increase is primarily the result of fair value adjustments applicable to the Company's outstanding warrants.
Finance incomes are incurred to support both our business segments.

Summary of Quarterly Results

The following represents the summarized quarterly financial results for the past eight quarters:

	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
	USD in thousands			
Total Revenue for the period	1,517	838	699	730
Net (loss) before income taxes for the period	(3,924)	(2,376)	(2,130)	(1,753)
Net (loss) for the period	(3,924)	(2,376)	(2,130)	(1,753)
Net (loss) for the period per share	(0.01)	(0.01)	(0.00)	(0.00)

	September 30, 2021	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
	USD in thousands			
Total Revenue for the period	644	415	313	262
Net (loss) before income taxes for the period	(3,044)	1,779	(6,809)	(3,098)
Net (loss) for the period	(3,044)	1,779	(6,809)	(3,098)
(Loss) per share for the period	(0.01)	0.00	(0.02)	(0.007)

Financial instruments and risk management

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables, lease liabilities, ARO liability and other liabilities. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the balances exposure to interest is minimal. The risk management policies employed by the Company to manage these risks discussed below.

Foreign currency risk:

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which it denominated and the respective functional currency of the company.

The currencies in which some transactions are primarily denominated are CAD, US dollars and NIS.

The Company's policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations.

Liquidity and Capital resources

The consolidated financial statements have been prepared on a going concern basis whereby the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption was not appropriate for the consolidated financial statements, then adjustments of a material nature would be necessary in the carrying value of assets such as property and equipment, liabilities, the reported expenses, and the balance sheet classifications used. Management continues to pursue financing opportunities for the Company to ensure that it will have sufficient cash to carry out its planned programs beyond the next year.

On September 30, 2022 the Company had cash of $2,272 thousands (September 30, 2021 $6,812 thousands). The Company had current assets of $4,594 (September 30, 2021 $8,073 thousands) and current liabilities of $9,156 thousands (September 30, 2021 $2,313 thousands). At September 30,

2022, the Company's working capital was negative $4,562 thousands (September 30, 2021 $5,760 thousands).
During the nine month period ended September 30, 2022, the Company's overall position of cash and cash equivalents decreased by $1,823 thousands. (September 30, 2021- increased by $5,031 thousands). This change in cash held can be attributed to the following:

- The Company's net cash used in operating activities during the nine month period ended September 30, 2022 was $6,737 thousands as compared to net cash used of $4,508 thousands for the nine month period ended September 30, 2021. The amount is primarily a result of the losses incurred in the operations of the Company.
- Cash used in investing activities for the nine month period ended September 30, 2022 was $993 thousands as compared to cash used of $1,286 thousand for the nine month period ended September 30, 2021. The amount used in 2022 and 2021 relates primarily to the purchase of property, plant and equipment.
- Cash generated from financing activities during the nine month period ended September 30, 2022, was $5,907 thousands as compared to $10,825 thousands from financing activities for the nine month period ended September 30, 2021. The cash generated in 2022 and 2021 is primarily from the proceeds received from private placements, convertible loan, exercise of warrants and options.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options, warrants and loans to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

Off Balance Sheet Agreements

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations or arrangements with respect to any obligations under a variable interest equity arrangement.

Transactions with Related Parties

The Company's key management personnel have the authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Compensation earned by key management for the three and six months period ended June 30, 2022 was as follows:

1. **Related party transactions:**

	Nine months ended September 30, 2022	**Three months ended September 30, 2022**	**Nine months ended September 30, 2021**	**Three months ended September 30, 2021**
Compensation of key management personnel of the Company:				
CEO Management fees	382	121	330	129
Chairman Management fees	158	59	156	36
CFO Management fees	23	8	23	8
Share based payment to CEO	99	15	167	28
Share based payment to Chairman	282	136	448	165
Other related party transactions:				
Share base payments	44	3	257	60

2. **Balance with related parties:**

As of September 30,	**2022**	**2021**
Due to CEO	97	41

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily

apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1. Share based compensation

   The Company has a share based compensation plan for its employees. The estimated fair value of share options is determined using the Black Scholes model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates.

2. Derivative liability – Warrants

   The Company uses the Black-Scholes option-pricing model to estimate fair value at each reporting date. The key assumptions used in the model are the expected future volatility in the price of the Company's shares and the expected life of the warrants. Significant estimates used in the preparation of the consolidated financial statements include but are not limited to stock based compensation and future income taxes.

3. Liability to Agricultural Research Organization

   The Company measures the liability to Agricultural Research Organization, each period, based on discounted cash flows derived from Company's future anticipated revenues. The discount rate reflects the market rate.

4. Determining the transaction price and amounts allocated to the performance obligations

   In transactions with customers that include variable consideration, the Company assesses, based on past experience, business forecasts and current economic conditions, whether it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

   In determining the transaction price for each contract with a customer, the Company considers the effect of the right of return.

   The Company also assesses for each transaction with variable consideration the approach that will best reflect the amount of the consideration to which the Company will be entitled, using either the "expected value" method or the "most likely amount" method.

Common Share Data

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Type of Security	Number Outstanding
Common shares	460,716,275
Stock options	62,342,974
Warrants	50,000

Investor Relations Contracts

There are no investor relations contacts outstanding.

Contractual Obligations

The Company has no contractual obligations that have not been disclosed.

Risks and Uncertainties

Market Risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and long term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Financing Risks. The Company will be dependent on raising capital through a combination of debt and/or equity offerings. There can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its business at favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many corporations have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regards to the share price of medical cannabis companies, which are public issuers in Canada.

Key Personnel Risks. The Company's efforts are dependent to a large degree on the skills and experience of certain of its key personnel, including the board of directors. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

General Business Risk and Liability. Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risk facing the Company, its directors, officers and employees in this respect include potential liability for violations of securities laws, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Competition. There is potential that the Company will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than the Company. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Regulation of the Cannabis Industry. The cannabis related business of the Company are heavily regulated in all jurisdictions where it carries out its business. The Company's operations are subjected to various laws, regulations and guidelines by governmental authorities, relating to the manufacturing, marketing, management, transportation, storage, sale, pricing and disposal of medical cannabis, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment.

The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect in the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reliance on Key Business Inputs. The Company's business is dependent on a number of key inputs and their related costs including raw materials and suppliers related to its growing operations as well as electricity, water, and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any liability to secure required supplies and services or to do so on appropriate terms could also have a materially adverse impact on the business, financial condition, and operating results of the Company.

Potential product recalls. Manufacturers and distributers of products are sometimes subjected to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packing safety and inadequate or inaccurate labeling disclosers. If the Company's product is recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall.

The Company may lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Although the Company had detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problem will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuit. Additionally, if one of the Company's product was subjected to recall, the image of the Company could be harmed. A recall for any one of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. The Company may continue to incur losses. There is no certainty that the Company will operate profitably or provide a return on investment in the future.

Uninsurable risks. The Company may become subject to liability for events, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

No History of Dividends. Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance the Company’s operations. The Company will need to achieve profitability prior to any dividends being declared.

OTHER INFORMATION

Additional information related to the Company, is available for viewing on SEDAR at **www.sedar.com**.