

# BioHarvest Sciences Reports First Quarter 2024 Financial Results

*Q1 2024 Revenue Increased 147% Year-over-Year to US\$5.34 Million Exceeding Previous Guidance*

*Management Expects Q2 2024 Revenue in the Range of US\$5.7-6.0 Million*

Vancouver, British Columbia and Rehovot, Israel--(Newsfile Corp. - May 30, 2024) - [BioHarvest Sciences Inc.](#) (CSE: BHSC) (OTCQB: CNVCF)("BioHarvest" or the "Company"), a company pioneering its patented Botanical Synthesis technology platform, today reported its financial and operational results for the first quarter ended March 31, 2024.

## First Quarter & Subsequent 2024 Operational Highlights

- Revenue in the first quarter of 2024 grew 147% to US\$5.34 million, as compared to US\$2.2 million in the same period in the prior financial year, and 18% compared to the preceding Q4 2023. Previous guidance for Q1 2024 was \$5.2-5.3M.
- Gross margins in the first quarter of 2024 improved to 56%, as compared to 37% in the same period in the prior financial year.
- In the U.S., total subscribers increased by 122%, with Marketing and Sales spend increasing by only 39% compared to the same period in the prior financial year.
- Management expects revenues in the second quarter of 2024 to be in the range of US\$5.7 - \$6.0 million and expects to reach EBITDA\* break even in the second half of 2024.
- The Company launched a Contract Development and Manufacturing Organization (CDMO) business unit and signed two contracts to develop patentable, plant-based molecules: one for a Nasdaq-listed pharmaceutical company, and another for a leader in the nutrition and ingredients industry.
- The Company announced an agreement for a new corporate campus which will consolidate the Company's corporate offices, R&D efforts and a future planned 50-ton production facility under one roof.
- The Company appointed senior hires to spearhead key initiatives as part of the CDMO Services Business Unit, including Professor Itay Mayrose, Ph.D., as Senior Artificial Intelligence (AI) Scientist, Matt Zrebiec as VP of Business Development, and life sciences executive, Anna Tenstam, as VP of Business Development - Cosmeceuticals and Injectables.

## Management Commentary

Ilan Sobel, Chief Executive Officer of BioHarvest, said: "The first quarter of 2024 was highlighted by continued strong VINIA® sales, which drove 147% year-over-year revenue growth in our Products division, and which surpassed our revenue guidance for the first quarter of 2024, supplementing the launch of our Contract Development and Manufacturing Organization (CDMO) Services Business Unit. As a CDMO, we are leveraging our expertise in Botanical Synthesis to develop patentable, plant-based molecules to solve some of the most pressing problems facing the industry today. In addition to working towards generating revenue with our research initiatives for CDMO customers, this business unit provides another potential avenue towards monetization in the form of royalties on future commercial sales of any molecule we may develop, which may provide significant long-term upside."

"In our Products division, we saw significant direct-to-consumer growth in our core VINIA® business during the first quarter of 2024. In the U.S., total subscriber counts increased 122%, while marketing costs increased by only 39% over the same period in the prior financial year. Looking forward, we anticipate that the expansion of our "VINIA Inside" products will continue to drive consistent near-term revenue growth. Our next product launches will see us complete our Hot Beverage Strategy for 2024, as

we will introduce Nespresso compatible coffee pods, and a range of teas, featuring both Breakfast and Green teas, available in both Keurig compatible pods and tea bags."

"Margin optimization initiatives continued to drive efficiencies across the organization during the first quarter of 2024. Gross margin grew to 56% in the first quarter of 2024, compared to 37% in the same period in the prior financial year. We are focused on further optimizing our e-commerce processes and our cost of customer acquisition, which are key aspects of our goal of reaching EBITDA\* profitability in the second half of 2024."

\*EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. It is calculated as net income adjusted for interest, taxes, depreciation, and amortization. This measure provides insight into our operating performance by excluding the impact of financing and accounting decisions.

"We announced two contracts to develop complex molecules concurrent with the launch of our CDMO division in the first quarter of 2024. A Nasdaq-listed pharmaceutical company contracted BioHarvest to develop specific complex molecules that would form the base of their patented drug development. The second agreement is with a major player in the food nutrition and ingredients industry that contracted BioHarvest to develop unique plant-based molecules for use in the multi-billion sweeteners industry. "

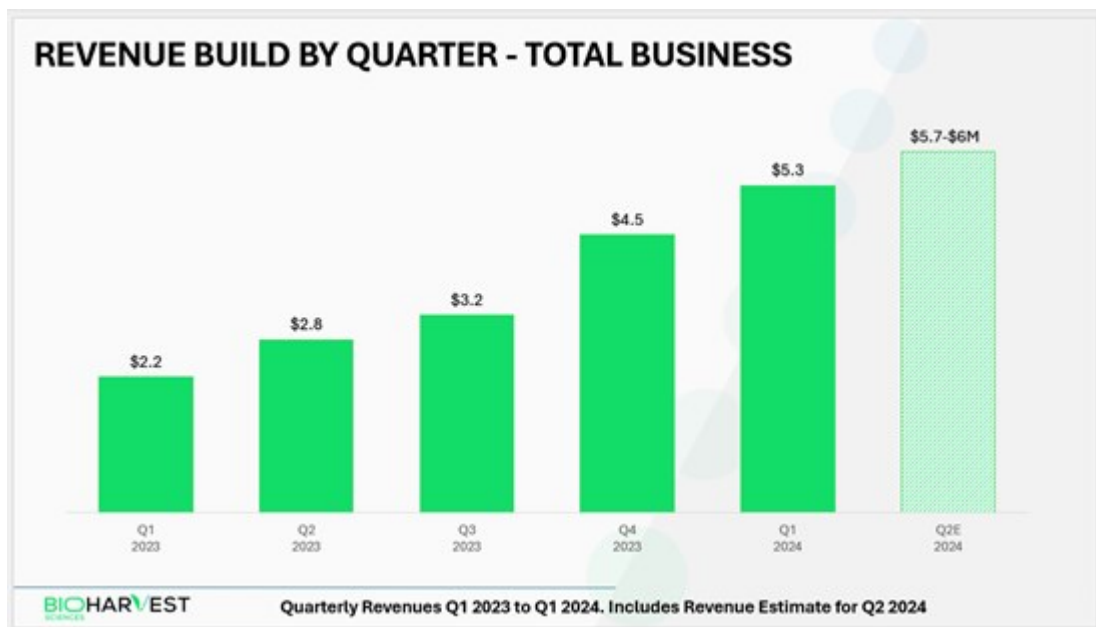
"Operationally, we announced the signing of a lease agreement for a new 80,000 square ft. corporate campus. In addition to 12 state-of-the-art GMP clean rooms, the new facility features built-out laboratory space, offices, and additional space capable of supporting a new 50-ton manufacturing facility. This new corporate campus will allow us to consolidate our various corporate offices, R&D, and production facilities, which will help to streamline costs, build new capabilities, and add capacity. We expect that the current R&D and corporate administrative offices in the Rehovot facility will be relocated to the new BioHarvest campus by year-end."

"Looking ahead, we stand in a stronger position than ever to deliver shareholder value with consistent delivery of both quarter-on-quarter revenue and margin improvement in our Product Business Unit, and by leveraging our proven botanical synthesis platform in our CDMO Services Business Unit. Taken together, we believe we remain on track to achieve EBITDA break even and secure our uplisting to the Nasdaq Stock Market in the second half of 2024," concluded Sobel.

## **First Quarter 2024 Financial Results**

All figures stated in this news release are in U.S. dollars unless stated otherwise.

Revenue for the first quarter of fiscal 2024 increased 147% to US\$5.34 million, as compared to US\$2.2 million in the first quarter of fiscal 2023. The increase was largely attributable to growth in VINIA® subscribers, which grew by 122% compared to the same period in the prior financial year.



**Image: Quarterly Revenues from Q1 2023 to Q1 2024 and Management's Expectations for Revenue in Q2 2024 (in U.S. dollars)**

To view an enhanced version of this graphic, please visit:

[https://images.newsfilecorp.com/files/6168/211089\\_76267d59a440c945\\_001full.jpg](https://images.newsfilecorp.com/files/6168/211089_76267d59a440c945_001full.jpg)

Gross profit increased 273% to US\$3.0 million, or 56% of total revenues, in the first quarter of fiscal 2024, as compared to US\$0.8 million, or 37% of total revenues, in the same period in the prior financial year. Increase in gross margin continues to be primarily attributable to the benefits of increased manufacturing scale, improved manufacturing yields, and cost reductions in downstream packaging and delivery costs. Gross margin represents the percentage of revenue that exceeds the cost of goods sold, calculated as gross profit divided by revenue.

Net cash used in operating activities totaled US\$1.6 million in the first quarter of fiscal 2024, as compared to US\$1.7 million in the same period in the prior financial year.

Net loss for the first quarter of fiscal 2024 totaled US\$6.6 million, or US\$0.01 per basic and diluted share, as compared to a net loss of US\$0.8 million, or US\$0.002 per basic and diluted share, in the same period in the prior financial year.

Cash and cash equivalents as of March 31, 2024 totaled US\$3.4 million, as compared to \$5.4 million as of December 31, 2023.

### **About BioHarvest Sciences Inc.**

BioHarvest Sciences Inc. (CSE: BHSC) (OTCQB: CNVCF) (FSE: 8MV) is a leader in Botanical Synthesis, leveraging its patented technology platform to grow plant-based molecules, without the need to grow the underlying plant. BioHarvest is leveraging its botanical synthesis technology to develop the next generation of science-based and clinically proven therapeutic solutions within two major business verticals; as a contract development and production organization (CDMO) on behalf of customers seeking complex molecules, and as a creator of proprietary nutraceutical health and wellness products, which includes dietary supplements. To learn more, please visit [www.bioharvest.com](http://www.bioharvest.com).

### **Forward-Looking Statements**

Information set forth in this news release might include forward-looking statements, including, but not limited to 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, including, without limitation, the risks and uncertainties described hereinafter. Launching new products is subject to risks and uncertainties including, but not limited, the risk that the product will not launch within the expected period of time or at all, that the market will not accept the product or that government approvals required for the sale or import of the products will not be obtained. There is no assurance that the Company will maintain or improve current financial performance, including but not limited to management's expectations and projections related to Q2 2024 revenue or the achievement of EBITDA break even, as revenues and margins are dependent on a combination of factors, including, but not limited to supply chain efficiencies, input cost stability, marketing efficiencies and uncertain consumer preferences. Revenue projections are estimates and there is no assurance that it will occur when estimated as the timing is dependent on consumer acceptance and cost stability and other factors beyond the Company's control. There is no assurance that profitability will be achieved as many factors beyond the control of the company could impact its potential for profitability such as changes in consumer preferences, increases in costs and changes in government regulation. For the CDMO Services Business Unit, there is no assurance of such business unit generating or continuing to generate revenue, additional future development contracts being entered into, development contracts progressing through to royalty agreement stages, the successful development of molecules and molecules being eligible for patent protection, and readers are cautioned that any achieved or increased revenue is not necessarily an increase in net income or profitability as costs will likely increase as well. There is no assurance that the proposed relocation of offices and the proposed construction of the new 50-ton production facility will occur within the expected period of time or at all.

Although management believes that it will be able to meet the requirements for listing on the Nasdaq stock market in the second half of 2024 there is no assurance that a listing will occur within the expected time frame or at all, as such listing will be subject to the company being able to meet listing criteria, including, without limitation, being registered under U.S. Securities Laws, a history of trading at certain price levels, and financial and share distribution requirements. Some of these listing criteria may be affected by matters beyond the control of the company such as, without limitation, conditions impacting markets generally or changes in listing requirements.

All forward-looking statements are inherently uncertain and actual results may be affected by a number of material factors beyond the Company's control. Readers should not place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statement disclosures other than through the Company's regular management discussion and analysis disclosures which can be found under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca).

**The Canadian Securities Exchange has neither approved nor disapproved the information contained herein and does not accept responsibility for the adequacy or accuracy of this news release.**

This release has been reviewed and approved by Dave Ryan, VP of Investor Relations, who accepts responsibility for its contents.

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