

BioHarvest Sciences Reports Fourth Quarter and Full Year 2023 Financial Results

- *FY 2023 Revenue Increased 2.3x to \$12.7 Million USD*
- *The Company expects Q1 2024 Revenue to be in the range of \$5.2 million to \$5.3 million and is providing Q2 2024 Revenue Guidance of \$5.7-\$6.0 million*
- *Management pursuing Nasdaq listing by end of year. General and Special meeting called to approve share consolidation and additional independent director to comply with Nasdaq listing requirements*

Vancouver, British Columbia and Rehovot, Israel--(Newsfile Corp. - April 30, 2024) - [BioHarvest Sciences Inc.](#) (CSE: BHSC) (OTCQB: CNVCF) ("BioHarvest" or the "Company"), a biotechnology company pioneering its patented Botanical Synthesis technology platform, today reported its financial and operational results for the fourth quarter and full year ended December 31, 2023. The Company is also announcing an Annual and Special General Meeting as part of its intention to uplist to Nasdaq by year-end as the Company seeks to enhance its capital markets visibility with retail and institutional investors.

Fourth Quarter & Subsequent 2024 Operational Highlights

- Revenue grew 131% to \$12.7 million in 2023, compared to \$5.5 million in 2022. Fourth quarter revenue grew 85% to \$4.5 million, as compared to \$2.4 million in the fourth quarter of 2022.
- Fourth quarter 2023 gross margins improved to 51%, as compared to 27% in the fourth quarter of 2022. Full year 2023 gross margins improved to 45%, as compared to 22% in 2022.
- In the US, new customer and subscriber counts more than doubled, while marketing costs increased by only 48%, with customer churn and cost of acquisition both decreasing as well.
- The Company expects first quarter 2024 revenues to be in the range of \$5.2-\$5.3 million and is providing second quarter 2024 revenue guidance of \$5.7-\$6.0 Million.
- Launched new 'Hot Beverage' lineup in December 2023, starting with VINIA® Functional Coffees, with additional VINIA® products in the near-term product pipeline.
- Launched a Contract Development and Manufacturing Organization (CDMO) business unit in the first quarter of 2024 and signed two contracts to develop patentable, plant-based molecules; one for a Nasdaq listed pharmaceutical company, and another for a leading player in the nutrition and ingredients industry.
 - Appointed senior hires to spearhead key initiatives as part of the CDMO services business unit, including Professor Itay Mayrose, Ph.D., Senior Artificial Intelligence (AI) Scientist, Matt Zrebiec, VP of Business Development, and life sciences executive Anna Tenstam as VP of Business Development- Cosmeceuticals and Injectables.
- Announced plan to expand manufacturing footprint with the opening of a new corporate campus to consolidate the Company's corporate offices, R&D efforts and build a future 50 Ton production footprint under one roof.
- To meet the Nasdaq listing requirements, the Company has announced its Annual and Special General Meeting will be held on May 27, 2024, to seek shareholder approval for a share consolidation to meet the minimum share price requirements of Nasdaq and to allow the Company's shares to be eligible for margin trading. The proposed share consolidation is 35-1.
 - The Company is also proposing to add an additional independent director in order to meet Nasdaq corporate governance requirements. The Company proposes to nominate Anne Binder of Paris France, who is an Independent advisor to financial groups, board member for various not for profit organizations, and a Director of Lectra, from 2011 to April 2023.
 - In the event a listing is completed, it is contemplated that the common shares of the Company would continue to trade in Canada on the Canadian Securities Exchange

Management Commentary

Ilan Sobel, Chief Executive Officer of BioHarvest Sciences, said: "I am pleased to report that our 2023 revenues grew 131%, driven by continued strong VINIA® sales. We have seen significant growth on our core nutraceutical capsule business combined with additional "VINIA Inside" products, such as our Hot Beverage line up, which are expected to continue to drive consistent revenue growth in 2024.

"Our focus on margin optimization and driving efficiencies across the organization drove a substantial increase in gross margins, which grew to 50.7% in the fourth quarter of 2023, as compared to 27.3% a year ago. In 2024 we are focused on further optimizing our e-commerce processes and our cost of customer acquisition, which are key aspects in our goal of reaching EBITDA profitability in the second half of 2024.

"The launch of our CDMO business unit with the guidance of Chairman Dr. Zaki Rakib marked another milestone in our history. As a CDMO, we can leverage 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 generating revenue with our research initiatives for CDMO customers, this business unit provides another incredible avenue towards monetization in the form of royalties on future commercial sales for any molecule we develop, providing significant long-term upside.

"The opening of our new corporate campus in Israel - where we can consolidate our various corporate offices, R&D, and production facilities under a single roof - will help to streamline costs, build new capabilities, and add capacity. This facility features twelve state-of-art clean rooms which will support our acquisition of new CDMO Services customers, and which will enable us to build a future 50 Ton per year production facility using our next-generation manufacturing processes.

Sobel continued, "2023 was a transformational year for BioHarvest, and our management team is of the opinion that the timing is now right to proceed with our strategic goal of pursuing a Nasdaq uplisting. The Nasdaq provides growth-oriented companies such as BioHarvest greater exposure to the largest capital market in the world. We have posted strong quarter over quarter revenue growth in our Products Business Unit, we have launched a CDMO Services Business Unit to accelerate research and revenues, and we recently announced a state-of-the-art campus to consolidate both of these growing verticals. Our commitment to operational execution now sees us working towards EBITDA break even by Q3 2024, and with the strong fundamentals that our growing business now boasts, we are confident that the revised capital structure and potential increase in liquidity associated with a Nasdaq listing will be attractive to both US institutional and retail investors."

LIVE Shareholder Update to be held May 2, 2024, at 2:30PM ET

All interested investors and media are invited to join the May 2 Shareholder Update, to be hosted by CEO Ilan Sobel and Chairman and President Zaki Rakib. Management will provide their comments on the 2023 Financial results, on the recent acquisition of a new corporate campus, and on the proposed path to the Company's planned Nasdaq listing. The Shareholder Update will be live and will feature a Q+A session.

Register here: https://us02web.zoom.us/webinar/register/WN_g3chaeEcTQyJWQH_zxlezA

Fourth Quarter & Fiscal Year 2023 Financial Results

Revenue for the fourth quarter of fiscal 2023 increased 85% to \$4.5 million, as compared to \$2.4 million in the fourth quarter of 2022. Revenue for fiscal 2023 increased 131% to \$12.7 million, as compared to \$5.5 million in the prior year. The increase was largely attributable to growth in VINIA® subscribers and new customers, which both grew by over 100% year-over-year.

Gross profit increased 244% to \$2.3 million, or 50.7% of total revenues, in the fourth quarter of fiscal 2023, as compared to \$0.7 million, or 27.3% of total revenues, in the same year-ago quarter. Gross profit increased 362% to \$5.6 million, or 44.5% of total revenues, in fiscal 2023, as compared to \$1.2 million, or 22.2% of total revenues, in the prior year. The increase in gross margin was primarily

attributable to the benefits of increased manufacturing scale, improved manufacturing yields, and cost reductions in downstream packaging and delivery costs.

Net cash used in operating activities totaled \$3.0 million in the fourth quarter of fiscal 2023, as compared to \$2.5 million in the same year-ago quarter. Net cash used in operating activities totaled \$8.5 million in fiscal 2023, as compared to \$9.2 million in the prior year.

Net loss for the fourth quarter of fiscal 2023 totaled \$7.2 million, or \$0.02 per basic and diluted share, as compared to a net loss of \$2.8 million, or \$0.00 per basic and diluted share, in the same year-ago quarter. Net loss for fiscal 2023 totaled \$12.6 million, or \$0.03 per diluted share, as compared to a net loss of \$11.2 million, or \$0.02 per diluted share, in the prior year. Net loss for fiscal 2023 included \$1.3 million of non-operating derivative expenses.

Cash and cash equivalents as of December 31, 2023, increased to \$5.4 million, as compared to \$1.7 million as of December 31, 2022.

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.

Forward-Looking Statements

Information set forth in this news release might include forward-looking statements that are based on management's current estimates, beliefs, intentions, and expectations, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Launching new products is subject to risks and uncertainties including the risk that the market will not accept the product or that government approvals required for sale or import of the products will not be obtained. There is no assurance that the Company will reach projected Q1 or Q2 2024 revenue guidance, or become EBITDA break even in Q3 2024, as these are dependent on a combination of factors such as supply chain efficiencies, input cost stability, marketing efficiencies and uncertain consumer preferences. Revenue projections are estimates and there is no assurance will occur when estimated as the timing is dependent on consumer acceptance and cost stability and other factors beyond company control. Although the Company believes that it will be able to meet the requirements for Nasdaq listing in the coming months there is no assurance that a listing will occur within the expected time frame or at all, as listing will be subject to the company being able to meet listing criteria, including being registered under US Securities Laws, a history of trading at certain price levels, and financial and share distribution requirements. Some of these requirements may be affected by matters beyond the control of the company such as conditions impacting markets generally or changes in requirements.

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

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

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

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