

**BIOHARVEST SCIENCES INC. ANNOUNCES MANUFACTURING AGREEMENT WITH SUGART LTD. AND DETAILS OF ITS GROWTH STRATEGY**

Vancouver, BC / August 5th, 2020 / BioHarvest Sciences Inc. (the “Company”, “BioHarvest”) (CSE: BHSC) announces today its growth strategy supported by a major manufacturing agreement allowing the Company to reap the benefits of its BioFarming technology in multiple verticals. The completion of the merger agreement last March, allows the Company to address both the Cannabis multi-billion market potential as well as the \$US150 Billion Nutraceuticals market.

Today the company’s CEO, Mr. Ilan Sobel, unveiled the growth strategy and the route to market for both verticals showing the importance of deploying a combined B2B and B2C approach. Together these two routes to market are expected to enable the Company to create a healthy balance between revenue and profit margins and are projected to yield an estimated revenue of US\$2.5-US\$3.5 Million in 2021, with the Superfruits Nutraceutical vertical expected to be cash positive in 2021, and the combined business of Nutraceuticals and Cannabis expected to turn cash positive in 2022. Importantly, the Company demonstrated its new commercial capabilities as well as announced a major manufacturing agreement with Sugart, a leading food manufacturer in Israel. This agreement is currently in a form of a binding MOU setting definitively the financial and the principal terms. This binding MOU will be replaced by a definitive agreement when the additional terms are added in the course of the next 3-4 weeks.

Under the terms of the agreement, BioHarvest Sciences Inc. will invest in the required Capital Equipment for its BioFarming technology as well as appropriate Capital Upgrades needed for Sugart’s existing manufacturing facility. The cost of this capital equipment and capital upgrades is approximately 30% of what was originally estimated, as a result of the parties developing an improved industrial manufacturing blue-print for its BioFarming technology, a blue print which is applicable for both our Nutraceutical and Cannabis Business Verticals. This new manufacturing blueprint is expected to result in a significant reduction in the Company’s Cost of Goods Sold as it brings the growing of cells, drying of cells and encapsulation of its finished product all underneath one roof. The manufacturing facility is expected to be fully operational in early Q3, 2021 in order to support the expected increased demand for products like VINIA®.

The facility located in Yavne; Israel will be leased for a Lease Period of 10 years at a rent of \$40,000 NIS (approximately \$16,000 CAD) per month.

Sugart Ltd shall be solely responsible for all aspects and requirements related to the construction of the new manufacturing facility as well as providing all the services required in the end to end manufacturing of the finished product. Further Sugart Ltd will also provide other critical support services such as logistics, warehousing and procurement. In return for their services, Sugart will be reimbursed for all their costs incurred and will earn a service fee equivalent to approximately 10% of the Total COGS. The agreement includes a provision granting Sugart with the right of first refusal for additional capacity to be built up to a maximum of 60 tons per year and a certain buy back provision exists for the Company of this right of first refusal, should the company wish to manufacture elsewhere.

“This partnership unlocks the potential of the disruptive BioFarming technology by bringing the entire cells growth process under one roof and is expected to reduce costs by an estimated 70% from the current manufacturing costs” said Mr. Ilan Sobel and added “It gives the company

the ability to provide competitive market fit pricing for CPG companies, driving significant scale in the business and enabling high gross profit margins to be earned in B2C channels.”

Ori Haan, owner and CEO of Sugart Ltd. added “I am excited to create a long-term partnership between Sugart and BioHarvest. Through this partnership we are combining best in class manufacturing capability with the disruptive BioFarming technology of BioHarvest to bring wellness products to consumers”.

In conjunction with this agreement BioHarvest will be granting Mr. Ori Haan 1,000,000 warrants with each exercisable to purchase a common share at \$0.15 for a term of 24 months and paying Mr. Roberto Chait a finder’s fee of 1,600,000 warrants with each exercisable to purchase a common share at \$0.15 for a term of 18 months.

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**About BioHarvest Sciences Inc.**

*Based in Vancouver BC, BioHarvest Sciences Inc. is the developer and exclusive owner of the proprietary and patent protected Biofarming technology. It is the first and only industrial large-scale plant cell growth technology capable of directly and constantly producing the active plant ingredients without the necessity to grow the plant itself. The technology has been already validated by Vinia™, the red grapes cells functional food/dietary supplement produced and sold by BioHarvest. By adapting this technology to the Cannabis plant, and building adequate cells production capacity, BioHarvest Sciences Inc.’s objective is to become the leading supplier of Cannabis for both the medicinal and recreational legal use. See the following hyperlink for a visual description of our Biofarming technology: [BHSC's Biofarming Technology](#)*

**BioHarvest Sciences Inc.**

Dr. Zaki Rakib

President and Chairman of the Board

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**Forward-Looking Statements** Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release. These statements reflect management’s current estimates, beliefs, intentions and expectations. Although the Company believes the expectations expressed in its forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of the ultimate expected outcomes. They are not guarantees of future performance. The Company cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control, in particular the estimates are based on market acceptance of the Company’s products, the availability of financing required which is not assured, licensing being available to produce and sell Cannabis products in commercial amounts, costs anticipated may vary based on changes made by suppliers and factory shut downs, delays in receipt of components from manufacturers may increase projected timelines. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information.

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