



EASTWEST BIOSCIENCE INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended October 31, 2021

Prepared as of December 29, 2021

FORM 51-102F1

The following Management Discussion & Analysis ("MD&A") is intended to assist in understanding the trends and significant changes in the financial condition and results of operations of Eastwest Bioscience Inc. ("Eastwest" or the "Company"), formerly Harbour Star Capital Ltd., for the three months ended October 31, 2021. The following discussion and analysis should be read in conjunction with the condensed interim consolidated financial statements for the three months ended October 31, 2021, the audited consolidated financial statements for the year ended July 31, 2021, and the related notes thereto ("Financial Statements"). The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise indicated.

Eastwest was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on October 24, 2014. Prior to its Qualifying Transaction, detailed below, the Company was a capital pool company ("CPC"), as defined pursuant to Policy 2.4 of the TSX Venture Exchange. The common shares of the Company commenced trading on March 6, 2017 under the trading symbol HSC.P. The head office and principal office of the Company is located at 260 Okanagan Avenue East, Penticton, British Columbia, V2A 3J7.

The outbreak of the coronavirus, also known as COVID-19, continues to impact worldwide economic activity. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain, and as such, the Company cannot determine their financial impact at this time.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking information constitutes disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. When used in this document, the words "may", "would", "could", "will", "intend",

“plan”, “propose”, “anticipate”, “believe” and similar expressions used by the Company’s management are intended to identify forward-looking statements. Such statements reflect the Company’s forecasts, estimates and expectations as they relate to the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

DISCUSSION OF OPERATIONS

Eastwest Business Model

Eastwest is a vertically integrated wellness company that provides value and high-quality products and services to its customers in Canada and beyond.

To support this vision, Eastwest aims to fully control its supply chain, leverage its assets and currently has several wholly owned operating subsidiaries, from health supplement manufacturing operations to a retail presence across Canada.

Manufacturing – Orchard Vale Naturals Inc. (“OVN”)

OVN is a Health Canada licensed manufacturing facility with capabilities to encapsulate, package and label. OVN manufactures health supplements for its business-to-business (“B2B”) clients. OVN’s unique preposition is that it offers a turnkey solution for small brands and accommodates small quantity orders.

Retail – Sangster’s Group of Companies (“Sangster’s”)

Eastwest acquired Sangster’s on November 30, 2018. The Company established three separate companies to reflect and accommodate the different operational structures and revenue models:

- 1) Sangster’s Health Centres Head Office – 102064495 Saskatchewan Inc. o/a Sangster’s (“495SK”)
Head franchisor with 14 franchisees as of October 31, 2021. As the head franchisor, Sangster’s owns the brand rights and manages the franchisor-franchisee distribution relationships. Sangster’s sells supplements and wellness products through its franchise locations and its online eCommerce platform.
- 2) Sangster’s Corporate Stores – 102064509 Saskatchewan Inc. o/a Sangster’s Corporate Stores (“509SK”)
Sangster’s Corporate Stores own and manage Sangster’s corporate owned stores across Canada. As of October 31, 2021, Sangster’s did not maintain any corporate locations.
- 3) Sangster’s Leases – 102064512 Saskatchewan Inc. o/a Sangster’s Head Office Leasing (“512SK”)
512SK holds the head lease for certain franchise locations with landlord and subleases to franchisees. This allows Sangster’s to ensure a franchise is not sold to the competition and to take on corporate stores in case of franchisee retirement, exit or bankruptcy.

Intellectual Property – 1123573 B.C. Ltd. (“573BC”)

This subsidiary holds the Health Canada licenses to 187 natural product numbers (“NPNs”) certified by Health Canada. These NPNs are mandatory for supplement products to be marketed in Canada and are valuable assets for any companies that are manufacturing, distributing and marketing supplements in Canada.

Real Estate – 1123568 B.C. Ltd. (“568BC”)

This subsidiary owns and manages the land and building at 260 Okanagan Avenue, Penticton, British Columbia. The facility is a 34,000 square foot facility located off the main street in Penticton. It is equipped with two loading docks,

ample parking and is fully secured. Currently it is renting out space to related parties and third-party renters. Current tenants include Eastwest Science Ltd. (“EWS”), OVN and Sangster's.

Self-Storage – 1290185 B.C. Ltd. (“185BC”)

During the year ended July 31, 2021, the Company added self-storage to its already diverse revenue streams through a new subsidiary, 185BC. This subsidiary is an early-stage company intending to build high-quality self-storage facilities across western Canada. The inception of this subsidiary was initiated by the Company's need to leverage its Penticton facility, which has been underutilized. Eastwest believes that, due to increasing demand in the British Columbia interior, self-storage will be an efficient use for the facility.

Consumer Goods – Eastwest Science Ltd.

EWS distributes hemp-based consumer goods to B2B clients, wholesalers, distributors and end consumers. During the year ended July 31, 2021, there has been minimal sales volume.

US Operation – EastWest Science USA Inc. (“EWS USA”)

EWS USA is a Kentucky, USA, based company that was established to allow the Company to pursue US based opportunities, in particular for CBD infused products.

Highlights – For the three months ended October 31, 2021

Restructuring of the Retail Division (Sangster's Health Centres)

Sangster's has been impacted by COVID-19. During the three months ended October 31, 2021, the product sales to the franchisees dropped by 30% compared to the same period in the last fiscal year. To overcome these challenges, Sangster's is undergoing a restructuring process that focus on the following main areas:

- Franchise Stability
 - The Company will be opening five new locations in the next two quarters
 - Secure the right locations (new and existing)
- Marketing Effectiveness
 - Measure investment and performance to make better decisions
 - eCommerce investment and strategy (nationally and internationally)
- Pricing and Product Strategy
 - Continual innovation in new products, training and methods
 - Leverage suppliers and OVN for a competitive price strategy

As part of the restructuring, Sangster's has engaged a creative marketing agency to refresh its branding and overhaul the current store design. The result is a brand that is modern, fresh, relevant and communicates the brand's value proposition. Additionally, Sangster's is developing a unique subscription-based customized supplement program as part of its new product offerings, online and at store level.

Startup Phase of the Storage Division and Expenses Incurred (185BC)

Much of the expenses, in the amount of \$289,512, incurred during the three months ended October 31, 2021, were due to site development costs, operational expenses and marketing costs of the Storage Division.

Since its inception in the spring of 2021, 185BC has two locations under construction: Penticton, British Columbia, and Oliver, British Columbia. The goal of 185BC is to open 3 additional locations by Q1 2022. The demand for storage is expected to be strong and the Company is very confident in the future success of this division.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Three months ended October 31, 2021 compared to the three months ended October 31, 2020

During the three months ended October 31, 2021, the Company had a net loss of \$571,684 from operations compared to a net loss of \$311,395 for the three months ended October 31, 2020. Total sales for the three months ended October 31, 2021 were \$174,890 (2020 - \$274,483) with a gross profit of \$116,082 (2020 - \$154,614). General and administrative expenses for the three months ended October 31, 2021 were \$639,127 compared to \$449,611 for the three months ended October 31, 2020.

The change in revenues and expenses for the three months ended October 31, 2021, as compared to the three months ended October 31, 2020, is due to the following significant impacts:

- Advertising and promotion increased by \$58,905 to \$61,354 for the three months ended October 31, 2021. The increase is due to an increase in advertising campaigns in the current period. In the three months ended October 31, 2020, advertising and promotion activities were substantially reduced due to early pandemic cost reduction strategies.
- Business development expense increased by \$45,567 to \$45,757 for the three months ended October 31, 2021 due to the Company's activities related to the expansion of the 185BC storage business.
- Consulting fees decreased by \$39,818 to \$58,855 for the three months ended October 31, 2021 mainly due to cost reduction strategies.
- Professional fees increased by \$54,876 to \$105,863 for the three months ended October 31, 2021 due to the work related to 185BC and its growing operations.
- Wages and benefits increased by \$57,528 to \$201,089 for the three months ended October 31, 2021. The increase is mainly due to a decrease in government assistance related to wage subsidies.
- During the three months ended October 31, 2021, the Company incurred other losses of \$48,639 compared to \$16,398 for the three months ended October 31, 2020. The change of \$32,241 was mainly due to the following:
 - In the current period, the Company recorded no gain on settlement of debt. In the comparable period, the Company recorded \$32,834 on the gain of settlement of debt. These amounts vary based upon timing of debt settlement agreements and share issuances.

SUMMARY OF QUARTERLY INFORMATION

The following table summarizes the results of operations for the last eight quarters:

	October 31, 2021	Three months ended		
		July 31, 2021	April 30, 2021	January 31, 2021
	\$	\$	\$	\$
Revenue	174,890	122,470	310,980	349,735
General and administrative expenses	(639,127)	(1,149,527)	(421,487)	(366,917)
Net loss	(571,684)	(956,399)	(151,866)	(208,194)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.00)	(0.00)

	October 31, 2020	Three months ended		
		July 31, 2020	April 30, 2020	January 31, 2020
	\$	\$	\$	\$
Revenue	274,483	198,774	231,248	370,017
General and administrative expenses	(449,611)	(491,503)	(442,283)	(516,013)
Net loss	(311,395)	(291,097)	(374,690)	(42,147)
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)

- During the quarter ended October 31, 2021, the Company's net loss decreased from the prior quarter by \$384,715. This was mainly due to a decrease in bad debt expense and consulting expenses from the previous quarter.
- During the quarter ended July 31, 2021, the Company recognized a net loss of \$956,399, as compared to \$151,866 in the previous quarter. The increase in the net loss of \$804,533 is mainly due to an increase in expenses associated with the acquisition of 185BC and a bad debt expense increase of \$202,632.
- During the quarter ended April 30, 2021, the Company recognized a net loss of \$151,866, as compared to \$208,194 in the previous quarter. The decrease in the net loss of \$56,328 is due to an increase in gross profit of \$31,643.
- During the quarter ended January 31, 2021, the Company recognized a net loss of \$208,194, as compared to the previous quarter's net loss of \$311,395, a decrease of \$103,201. The decrease can be attributed to an increase in manufacturing revenues, as well as an overall decrease in operating expenses.
- During the quarter ended October 31, 2020, the Company recognized a net loss of \$311,395, as compared to the previous quarter's net loss of \$291,097, an increase of approximately \$20,298. The increase can be attributed to an increase in revenues.
- During the quarter ended July 31, 2020, the Company recognized a net loss of \$291,097, as compared to the previous quarter's net loss of \$374,690, a decrease of \$83,593. The decrease can be attributed to the reduction in overhead expenses and implementation of the shared services model. Also, the Company had a gain totaling \$90,110 on the settlement of debt for the issuance of shares on June 25, 2020.
- During the quarter ended April 30, 2020, the Company recognized a net loss of \$374,690, as compared to the previous quarter's net loss of \$42,147, an increase of \$332,543. This was driven by a prior quarter reduction in the net loss due to a gain on settlement of debt. Also, the Company had costs attributed to the Sangster's acquisition and integration that increased the net loss.
- During the quarter ended January 31, 2020, the Company recognized a net loss of \$42,147, as compared to the previous quarter's net loss of \$424,225, a decrease of \$382,078. The decrease in net loss is due to a gain on settlement of debt of \$293,219, which significantly reduced the net loss for the three months ended January 31, 2020.

Due to the unprecedented COVID-19 pandemic, the Company undertook several measures to mitigate the negative impacts of the changing economy. Overall, lower sales volumes experienced in this period led to decreases in revenue levels, and layoffs and cost cuts during the downtime led to decreases in expenditure levels.

For the three months ended October 31, 2021, the Company reported total revenue of \$174,890, as compared to \$274,483 in the comparable period. Distribution and manufacturing revenues decreased to \$89,149, as compared to \$172,204 in the prior year. Other operating revenues (including franchise sales royalties, advertising royalties and rental income) decreased to \$85,741 for the three months ended October 31, 2021, as compared to \$102,279 in the prior year.

The Company has not yet realized profitable operations and has mainly relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past through private placements of equity and debt and will need to continue to do so to fund operations in the future. The Company benefited by cost-sharing and B2B arrangements, which allowed the Company to reduce its investment in working capital to generate sales and share sales development and administrative costs. The Company will continue to pursue debt and equity financings, government subsidies, negotiation of reduction of accounts payable obligations, and cost-sharing and B2B arrangements in order to continue to finance and manage costs related to operations. The Financial Statements and this MD&A do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company's Financial Statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business. There are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

LIQUIDITY

Three months ended	October 31, 2021	October 31, 2020	Change
	\$	\$	\$
Cash provided by (used in) operating activities	10,218	(129,971)	140,189
Cash provided by (used in) financing activities	(20,001)	51,851	(71,852)
Cash used in investing activity	(74,461)	-	(74,461)
Net change in cash	(84,244)	(78,120)	(6,124)
Cash, beginning of period	1,055,784	107,084	948,700
Cash, end of period	971,540	28,964	942,576

Cash used in operating activities is comprised of net loss, add-back of amounts not affecting cash and net change in non-cash working capital items. Cash provided by operating activities increased to \$10,218 for the three months ended October 31, 2021. This increase in the cash used in operating activities of \$140,189 is primarily due to the timing difference related to the non-cash working capital changes in accounts receivable, accounts payable and accrued liabilities, and inventory between the periods.

Cash used in financing activities was \$20,001 in the three months ended October 31, 2021, as compared to cash provided by of \$51,851 reported in the comparable period.

Cash used in investing activity increased by \$74,461 in the three months ended October 31, 2021, as compared to the prior period. In the current period, the Company had property, plant and equipment additions of \$74,461 (2020 - \$nil).

As at October 31, 2021, the Company had a working capital deficit of \$2,636,593 (July 31, 2021 - \$2,067,482), consisting of \$971,540 in cash, accounts receivable of \$47,355, inventory of \$215,274, due from related parties of \$23,794, and prepaid expenses and deposits of \$9,993, offset with current liabilities of \$3,904,549, primarily including \$1,409,162 in accounts payable and accrued liabilities and \$1,795,200 in mortgage payable.

The Company believes that the current capital resources are not sufficient to satisfy its current liabilities and pay overhead expenses for the next twelve months and will need to seek additional funding to fund any future expansion of its operations. The Company will continue to monitor the current economic and financial market conditions, and evaluate their impact on the Company's liquidity and future prospects.

As the Company is currently not able to generate sufficient cash from its operations to fund its operations, the Company will have to rely on issuing shares for cash, issuing debt or to settle debt, loans and related party loans to fund ongoing operations, and investments. 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.

CAPITAL RESOURCES

There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements noted by management as at the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

Included as follows are amounts due from/to related parties, which are non-interest-bearing, unsecured and due on demand:

Name	Relationship	October 31, 2021	July 31, 2021
		\$	\$
<u>Due from related parties</u>			
Haltain Developments Inc.	Controlled by former director	23,794	23,794
		23,794	23,794

Name	Relationship	October 31, 2021	July 31, 2021
		\$	\$
<u>Due to related parties</u>			
0999650 B.C. Ltd.	Controlled by CEO	58,757	82,111
1175218 BC Ltd.	Controlled by COO	4,594	27,563
Azema Sciences Inc.	Controlled by common officers and directors	33,595	33,595
Ciska Asriel	COO of the Company	167,979	97,410
Due to joint venture	Equity accounted joint venture	32,326	32,326
Haltain Developments Inc.	Controlled by former director	40,000	40,000
Marjerrison Financial Management	Controlled by former CFO	8,303	8,303
Rodney Gelineau	CEO of the Company	18,393	1,637
		363,947	322,945

Name	Relationship	October 31, 2021	October 31, 2020
		\$	\$
<u>Consulting fees</u>			
0999650 B.C. Ltd.	Controlled by CEO	26,250	26,250
1175218 BC Ltd.	Controlled by COO	26,250	26,250
Marjerrison Financial Management	Controlled by former CFO	-	10,000
<u>Wages and benefits</u>			
Rodney Gelineau	CEO of the Company	13,000	-
		65,500	62,500

The above transactions are in the normal course of operations and are measured at the amounts of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

Authorized: unlimited number of common shares without par value

Issued and Outstanding:

	Number Outstanding as of the Date of this MD&A	Number Outstanding as of October 31, 2021
Common shares issued and outstanding	100,664,323	97,569,279
Options	7,440,000	7,440,000

Subsequent to October 31, 2021, the Company had the following share capital transactions:

- 1) The Company issued 3,095,044 common shares at a price of \$0.05 per share to certain non-arm's length service providers to settle debt of \$154,752.

PROPOSED TRANSACTIONS

The Company has no planned acquisitions or divestitures that are undisclosed as of the date of this MD&A.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and

Level 3 – inputs for the asset or liability that are not based upon observable market data.

As at October 31, 2021, the fair values of financial instruments measured on a recurring basis include cash, determined based on Level 1 input and consisting of quoted prices in active markets for identical assets. The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, amounts due to or from related parties, other liabilities and mortgage payable approximate their carrying values due to the relatively short term maturity of these instruments. The promissory note payable and loans payable are non-interest-bearing and are accounted for at amortized cost using the effective interest method.

SIGNIFICANT ACCOUNTING POLICIES

For a detailed summary of the Company's significant accounting policies, the reader is directed to Note 3 of the consolidated financial statements for the year ended July 31, 2021 available on SEDAR at www.sedar.com.

Recently Adopted Accounting Standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's Financial Statements.

BASIS OF PRESENTATION

The Financial Statements, including comparatives, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretations Committee.

The Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are measured at fair value. The Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

RISKS AND UNCERTAINTIES

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected.

Government Regulation

The business could be subject to various federal and provincial laws and regulations on standards, claims, safety, efficacy and other matters. Regulatory approvals by government agencies on the Company's products or services may be withheld or not granted at all and, if granted, may be subject to limitations that would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail development, marketing or commercialization.

Amendments to current laws and regulations governing operations and activities of the industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. The Company may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured due to high premium costs. Furthermore, the Company may incur liabilities to third parties, in excess of any insurance coverage, arising from any damage or injury caused by the Company's operations.

The Company is subject to the risk of potential liability claims with respect to its product manufacturing and sales of retail products. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

Conflicts of Interest

Certain directors and officers of the Company may serve as directors or officers of other companies or have significant shareholdings in other business ventures. Consequently, there exists the possibility for such directors or officers to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such for other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early start-up stage, it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to execute its business strategy.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential customers. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, customer retention and other business partners' sales and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with distributors and customers in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products will be accepted and recommended.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its products, increase marketing efforts, improve its operations, conduct research and development, and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, existing network of business partners, government agencies, licensors, licensees and other parties for the successful operation of its businesses and the successful marketing of its products. There is no guarantee that those with whom the Company needs to deal will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

COVID-19

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, and the ability to market the Company's product menu. The outbreak of COVID-19 and political upheavals in various countries have caused changes to traditional methods of conducting business. While these effects are expected to be temporary, the duration of the business disruptions internationally and the related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations and the ability of the Company to grow its business. In particular, if any employees or consultants of the Company become infected with COVID-19 or similar pathogens and/or the Company is unable to source necessary consumables or supplies, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of its marketing activities. The Company is exploring several options to deal with any repercussions that may occur as a result of the COVID-19 outbreak.

Other Risk Factors

The Company may acquire additional businesses, properties or assets in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

Additional funds for the pursuit of the Company's current and planned business operations may be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Revenues, taxes, manufacturing and transportation costs, research and development costs, capital expenditures and operating expenses are all factors that may have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those initiatives that can be funded through cash flows generated from its existing operations.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the three months ended October 31, 2021, there has been no significant change in the Company's internal controls over financial reporting since last year.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's condensed consolidated interim financial statements for the three months ended October 31, 2021 (together, the "Filings").

The management of the Company has filed the Venture Issuer Basic Certificate with the respective Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Officers and Directors

Rodney Gelineau, Director, CEO

Ciska Asriel, COO, Interim CFO

Paul Mandl, Director

Nathan Lidder, Director

Jeff Bierman, Director

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