EastWest Bioscience Inc. (EAST:TSXV)

EastWest Bioscience is a vertically integrated wellness company with the infrastructure to become a global giant in the Hemp & CBD consumer health market.
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**HEMP**
- **GROW**: Industrial Hemp Growing License
- **PROCESS**: In-house seed process line
- **MANUFACTURE**: Health Canada site license
- **TEST**: In house lab
- **DISTRIBUTION**: TJ Maxx, Amazon, Well.ca, Mondou 100% owned Sangster’s stores across Canada

**CBD**
- **GROW**: Industrial Hemp Growing License
- **PROCESS**: Licensed Dealer
- **MANUFACTURE**: Manufacture - 3rd party partnership
- **TEST**: In house lab
- **DISTRIBUTION**: Distribution to pharmacies/health store locations across Canada (depending upon proposed federal & provincial legislation)
### Grow

| Hemp/CBD grow licence acquisition | Industrial Hemp growing license for the cultivation of both Hemp & CBD. | Grower Contracts in Alberta, Canada | Will grow 80 acres of hemp annually on its own land in Alberta | Changes in Health Canada's implementation of the Subsection 56* | Hemp grown by US farmers to be processed and distributed nation-wide and into the EU | Strategic partnership with hemp processing facility in hemp region of Kentucky |

*Subsection 56(1) Class Exemption in relation to the Company's use of hemp under Industrial Hemp regulations (flowering heads, leaves and branches) allows the use of raw materials such as cannabinoids, terpenes, etc. which can be used to produce high-value nutraceuticals and other health products.
Process

**Licenses - Canada**

**Canadian Industrial Hemp License**

EAST is in final discussions with a company that holds a Canadian Industrial Hemp License #17-S0269-C-01 granted by the Industrial Hemp Section of the Office of Controlled Substances on Jan 1 2017.

**Licenses - USA**

**USA Farm Act**

EAST has signed an LOI to joint venture with Azema Sciences Inc., which owns a CBD processing facility in Kentucky, USA and through its subsidiary is licensed by the Kentucky Dept. of Agriculture as a Processor renewable in 2021. The Kentucky facility will process material for the US and EU markets. The Farm Act has been passed by senate and congress, allowing CBD to be sold throughout USA and distributed to the EU.
Nutraceuticals

Nutraceutical Products Manufacturing (Orchard Vale Naturals (OVN))
28 Sangster’s Stores - 23 Franchise & 5 Corporate Stores
Contract manufacturing
Private labelling

Acquisition of Orchard Vale Naturals (OVN). The facility manufactures nutraceutical products, big & small runs for EastWest Bioscience and other companies. OVN also oversees production power blending, encapsulating, bottling, packaging and warehousing.

34,000 sq ft facility for manufacturing, testing and distribution. Health Canada site license. Replacement value of $4.6 million operating at 30% occupancy with current equipment. Tremendous opportunity to build out the facility.

EAST owns an eligible CBD manufacturing facility.

The current facility is zoned for marijuana processing and EAST is in Letter of Intent stage with a Licensed Producer for extraction, research & development and testing.

Natural Pet Science (Pet Foods) - Company has partnership with Hagen in Montreal, Quebec.
Earth’s Menu (Functional Foods) - Company has partnership with Sunny Crunch Foods in Markham, Ontario
Hemp Beauti (Skin Care & Cosmetics) - Company has partnership with Sigan Industries Group in Brampton, Ontario
The Kentucky facility / Azema Sciences

- 18,000 sq. ft - 6+ acres
- Proximity to two major shipping companies - FedEx & DHL
- 3 Phase 1200 AMP power supply
- 80% of KY’s high CBD Hemp is farmed within 100 miles of the facility
- CBD Extraction from Hemp
- Bottling Line for CBD products
- Planned Nutraceutical Manufacturing
- Installation of manufacturing line for CBD infused Chocolate products

Primary and Secondary Processing - The facility has the equipment and personnel to process milled hemp flower into crude CBD oil, with plans to equip for secondary production to CBD Isolate and distillate.

Finished Products - The facility will produce Bulk CBD and CBD consumer products such as tinctures, nutraceuticals and chocolate infused CBD products. The facility will also warehouse and distribute EAST’s entire product line through the US.

Testing - EAST and its Joint Venture partner Azema Sciences are in late stage talks with a US based, accredited Cannabis Testing Company to bring analytical testing into our vertical.
Within 100 Miles of the Kentucky facility

- 80% of Kentucky’s high CBD hemp
- UPS Worldport distribution hub
- Two airports - Louisville & Lexington
- One of the largest CBD growing corridors in the United States
Product Innovation & Testing  🇨🇦 (In Process)

Cannabis Act Licensing for the processing of Hemp and Marijuana to CBD and THC will be attained through a joint venture. Late stage talks with a Licensed Producer in BC will result in the Company positioned to export/import CBD oils and concentrates to national and international markets.

- Licensing for Extraction of THC and CBD Processing, Analytical Testing and R&D under the current Cannabis Act.
- The lab will also offer testing for micro growers and the 120+ wineries in the Okanagan area.
- Full testing laboratory in the Penticton BC facility. We will have:
  - In house sales team to determine market trend
  - In house product developers to create the products
  - In house testing ability to test the products
  - The distribution network to market these products
EastWest Bioscience has access to a total of **200+ Health Canada Approved Natural Product Numbers (NPNs)**. Additional NPNs will be developed and manufactured with CBD, targeted at the alleviation of pain, health conditions, illnesses, and wellness.

**Today’s Hemp Products**

**Earth’s Menu:** Hemp Harmony Hemp Seed, Chewy Goodness Bars - Apple Cinnamon - Cranberry - Blueberry Raisin

**ChanvreHemp:** Shampoo & Conditioner

**Natural Pet Science:** Hemp Treats x2

**Natural Advancement:** Supplements x4
Product Development (HEMP+ CBD)

Second Quarter of 2019

Natural Pet Science:
Chill’ Dog + Quick’ Cat

CBD (USA)
Natural Pet Science PLUS:
CBD Hemp Treats x2
Earth’s Menu PLUS:
CBD Bulk and Salves
Product Development (HEMP+ CBD)

Third Quarter of 2019

Earth’s Menu: Protein Bars x3
ChanvreHemp: Hemp Lotion x2
Natural Pet Science: Play’N Dog and Quick’ Cat

CBD (USA)
Natural Pet Science PLUS:
CBD Hemp Treats x2
Natural Advancement PLUS:
CBD x6
Earth’s Menu PLUS:
CBD Chocolate Squares with flavour x3
CBD Tincture
ChanvreHemp PLUS:
CBD Lotion x2
Product Development (HEMP+ CBD)

Fourth Quarter of 2019

Earth’s Menu:
Organic Hemp Seed

CBD(USA)
Natural Pet Science:
CBD x2 - Play n Dog and Happy Cat

Natural Advancement PLUS:
CBD x10

ChanvreHemp PLUS:
CBD x2
Product Development (Hemp+ CBD)

2019 Total Products = 45

- Natural Adancement
- Earth's Menu
- Natural Pet Science
- Hemp Beauti

Legend:
- CBD
- HEMP
Tiered Sales Strategy

DISTRIBUTION PARTNERS:
- Purity Life (access to over 7,000+ small chain and independent health food stores)
- Natural Pet Distributors (500+ chain and independent Pet stores)

Corporate Sales / Broker / Distributor supported retail relationships:
- TJX, Mondou, Amazon, Longo's, Global Pets, Bruno's Fine Foods, Well.ca, Nutter's, Natural & Bulk Foods, Dad's Organic Market, Planet Organic, and growing.

Direct, Broker, and Distribution partners with access to 7500+ stores
Sangster’s Integration

Direct distribution to 28 natural health stores across Canada

Increased Product Development and Sales
- Vitamins
- Mineral and Herbal supplements
- Protein Supplements
- Natural Body Care
- Organic Food Products.

Ownership of 200+ NPN’s.

One of Canada’s oldest and most respected health store chains.

- 13 stores in Western Canada, (BC, AB)
- 10 stores are located in Central Canada (SK, MB)
- 5 stores are located in Eastern Canada (ON, NB).
- Trusted by franchise owners
- Vast Knowledge of natural products & wellness.
- Instant shelf space with automatic re-ordering
- Immediate retail piloting and testing
## Sales Strategy

### Sales and Manufacturing of Sangster’s branded products.

- Acquisition of 23 franchise retail stores, plus 5 corporate stores.
- Increased internal manufacturing of Sangster’s 200 exclusively labeled products.
- The development of new and innovative products to be created and tested in the internal laboratory in Penticton, B.C.

### Sales of EastWest family of brands products in Sangster’s stores.
Nationally, the most rapidly expanding alternative health and wellness therapies over the past two decades were massage, yoga, acupuncture, chiropractic care, osteopathy, and naturopathy.

“Naturally healthy” is the fastest growing health and wellness segment.

78% of Canadians have purchased vitamins and mineral supplements within the last year.

Market Opportunity

The size of the nutrition supplement business in Canada is $4B with an estimated CAGR of +6% (2018-2022).

Aging baby boomers, educated Gen X and millennials are driving that growth.

Interest in health and wellness increases with age, 25% of Canada’s population will be >65 by 2030.
Sangster’s Acquisition Short-term Strategy

**Short-term Strategy (corporate superstores)**
The next 12 months will be focused on activities that grow same store sales, improve overall merchandising, margin improvement, and the implementation of corporate store operations.

**Improve merchandising**
Optimize product skus to drive sales and increase margin, Increase Sangster’s branded product sales to franchisees, Leverage supplier relationships to maximize value

Re-establish position as trusted leader in new/innovative health supplement products. Launch new and exclusive Sangster’s branded products along with branded EastWest products.

**Roll out Corporate Operations**
Launch 2 corporate stores in Calgary (5 corporate stores in total), develop corporate stores as ideal move forward Supercentre model for franchisees, increase sales of corporate locations through improved customer service, merchandising and marketing
Sangster’s Acquisition Long Term Strategy

**Long term Strategy** (Sangster’s Wellness Supercentres & Pharmacies)
Increase the number of stores in the franchise network, leverage e-commerce, improve store footprint and optimize the CBD regulations and offerings to Sangster’s customer base.

**Increase store distribution**
Expand franchisee base into key markets in Canada at a rate of 15% annual growth. In addition, Sangster’s will take advantage of EastWest unique products offerings to begin its international expansion into the USA and EU.

**Expand category range**
Capitalize on the holistic wellness trends by adding new product lines to address unmet customer needs.

**Leverage e-commerce to optimize and drive sales**
Expand e-commerce platform and optimize website, use website to better support/educate consumers to reach their health and wellness goals and to integrate with the stores to drive traffic to stores and to service customers outside store locations.
Key Management Team

- Rodney Gelineau - Chairman
- Ciska Asriel - President
- Raymond Takashima - Former President (Senior Operations Consultant)
- Paul Marjerrison - Chief Financial Officer

Retail Advisory Board:
Steve Langford, Helen Langford, Thomas Kim
Sales Strategy - USA

Capitalizing on strategic partnerships to produce premium Hemp and CBD products in the USA.

Kentucky, historically the largest US Hemp producer in the 19th and 20th century, has had the reputation for premium quality for over 250 years.

Trademarking Kentucky Bluegrass to produce and ship CBD products globally.

We have been working the last 6 months to enable us to sell throughout the USA and EU through key distributor and broker relationships.

Producing and co-packing EastWest science brands as a CBD focused Plus+ product.

Introduce Kentucky Bluegrass as the premium CBD brand in the space.
Kentucky Blue Grass CBD, derived from Hemp exported to the EU.

EastWest to sell its products and raw material through distributors into the EU:
- CBD oils + isolates
- Finished consumer product

Competitors sourcing raw material from inferior EU markets, allowing EastWest to source its raw material using premium Kentucky Bluegrass CBD as a market advantage.

**Focus:** Belgium, Netherlands, Germany
Revenue Projections Calendar Year 2019

- "D" Lab Testing $250K
- "E" 3rd Party Manufacturing & Co-Packing $500K
- "F" Franchise Revenues $1.9M
- "A" Corporate Stores $1.4M
- "B" Product Sales CBD $750K
- "C" Product Sales Non-CBD $700K

Total: $5.3M
## EWBS Capitalization Table (PM Version)

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<td><strong>Total Shares</strong></td>
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<td><strong>Breakdown:</strong></td>
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<tr>
<td><em>Past Insiders, Contractors and Key Personnel</em></td>
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</tbody>
</table>
Rodney Gelineau - CEO, Director
Ciska Asriel - COO, EastWest Bioscience/President, Sangster’s
Paul Marjerrison - Chief Financial Officer
Nathan Lidder - Director, Internal Legal Counsel
Jeff Bierman - Director
Paul Mandl - Director
Scott Reeves - Corporate Secretary
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