



RYAH GROUP, INC.

Management Discussion and Analysis
Three and Six Months Ended June 30, 2021

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DATE

The following Management's Discussion and Analysis ("MD&A") is dated August 30, 2021 and unless otherwise noted, should be read in conjunction with Potbotics Inc.'s ("Potbotics" or the "Company") consolidated financial statements for the three months ended June 30, 2021 and related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in U.S. dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

The following MD&A contains statements which, to the extent that they are not recitations of historical facts, may constitute forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information include financial and other projections as well as statements regarding the Company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the Company's underlying assumptions. Forward-looking statements and information relating to the Company are based on the beliefs of management as well as assumptions made by and information currently available to us. The words "may", "would", "could", "will", "likely", "expect", "anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this MD&A are cautioned that such statements or information are only predictions, and that the Company's actual future results or performance may be materially different. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to: the possibility of development or deployment difficulties or delays; the timing of entering into significant contracts; the performance of the global economy; industry analyst perception of the Company and its vision and future prospects; the success of certain business combinations engaged in by the Company or by its competitors; possible disruptive effects of organizational or personnel changes; new products and standards; risks related to acquisitions and international expansion; reliance on large customers; dependence upon key personnel and hiring; reliance on a limited number of suppliers; risks related to the Company's competition; the Company not adequately protecting its intellectual property; currency exchange rate risk; and including, but not limited to, other factors described in the Company's reports filed on SEDAR, its listing statement and those referred to under the heading "Risks and Uncertainties".

In drawing a conclusion or making a forecast or projection set out in the forward-looking information, the Company takes into account the following material factors and assumptions in addition to the above factors: the Company's ability to execute on its business plan; timing of execution of outstanding or potential customer contracts by the Company; sales opportunities available to the Company; the Company's subjective assessment of the likelihood of success of a sales lead or opportunity; the Company's historical ability to generate sales leads or opportunities; and that sales will be completed at or above the Company's estimated margins. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These factors should be considered carefully and readers should not place undue reliance on forward-looking information. All forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company disclaims any intention and obligation to update and revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

COMPANY OVERVIEW

PotBotics (d/b/a “RYAH”) is a big data and technology company focused on valuable predictive analysis in the global medical plant intake industry. Its robust artificial intelligence platform aggregates and correlates HIPAA-compliant medical data, which is intended to help doctors and patients personalize plant-based treatments to better predict treatment outcomes. The data collection is also relevant for growers, processors, dispensaries and regulators to monitor and manage plant strain effects on patients.

The Company operates multiple brands that serve the plant-based medical industry. The Company develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, plant-strain analytics and patient dose session feedback. This aggregated data and is shared with its client partners via the Company’s proprietary software program. The Company has also developed a personalized cannabis recommendation software application. The application has aggregated a large database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or near number one under the keyword ‘Cannabis’ and/or ‘Marijuana’ in the United States. The vision of the Company is to elevate the plant-based medical industry to higher standards by streamlining the analysis, recommendation, consumption, and plant-based medicine selection process. This is achieved through the use of its IoT devices. Its clinical study-based strain recommendation software and subsequent combined downstream data analytics.

As a dose-measuring device and data-driven company, our strategy is centered around collecting and interpreting a consolidation of both empirical data from clinical studies as well as proprietary data on real-time patient consumption and analytics that is derived from its IoT devices. The Company believes that the plant based medical market is still fraught with fragmented, unstructured, incomplete and unorganized data. This is exacerbated by the complexity of cannabis plant itself and its unique effects on each individual. Company believes these are key reasons why national health institutions and a number of governments haven’t adopted medical cannabis at a federal level (i.e. the United States) as these institutions contest that there is not enough empirical data yet to substantiate cannabis having a medical value. In order to differentiate ourselves, the Company intends to create a suite of IoT delivery solutions, focused on the medical vertical to capture patient consumption data and plant strain intake and correlate this data with its clinical study software. According to Kathleen Burke, at MarketWatch “When it comes to growing a plant-based industry, big data and technology may be more valuable than fertilizer.” By sharing these two data lakes with the medical plant industry stakeholders, Company believes it is filling a major gap that is lacking the most in the market. Company believes that this dual data strategy provides a greater value to the insights on data that the Company generates.

The following is a description of how the business of PotBotics, Inc. and its subsidiaries developed over the past 7 years and the current financial year:

- ◆ PotBotics is incorporated in the state of Florida in February 12, 2014.
- ◆ In June 2015, PotBotics aggregated data on plant based analytics on over 1 million + peer reviewed studies for its data analytics platform.
- ◆ In April 2016, PotBotics, launched PotBot. The Company has developed a personalized cannabis recommendation software application. This maintains a large and growing database of peer reviewed studies on the efficacy of cannabis as a medicine. The platform collects research on 37 medical indications, 6 major cannabinoids, 300+ strains and over 1 million clinical studies. The associated free patient mobile application has over 180,000 downloads on the App Store and Google Play Store and has over the last 3 years, been ranked at or

near number one under the keyword ‘Cannabis’ in the United States ¹. Through an interactive questionnaire, the mobile application collects demographic data on patients, patient location, patient ailment indications and desired relief. The application then cross-references this patient data with the company’s clinical study database to provide the patient with education and guidance on potential plant-strain matches along with local dispensaries / LPs that can further consult with the patient.

- ◆ On March 16, 2018, PotBotics Submitted a Utility Patent Application 15/924172 to the USPTO. This utility patent application covers the functionality of an electronic vaporizer and the method of its temperature and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the vaporizer that is controlled remotely, by the Company’s mobile application. This patent is currently pending with the USPTO.
- ◆ RYAH Medtech Inc was incorporated in the State of Florida in December 2018. The Company’s sub-brand develops and produces IoT dose-control and measuring devices, such as a dry-herb vaporizer. The Company focuses on the intake, and analysis of patient demographics, patient ailments, patient dose measurement / control, dosing session temperature settings and patient dose session efficacy feedback. The company captures the feedback and output of the patient consumption-based data that is derived from the use of its dose-measuring IoT devices and its proprietary plant-filled cartridges.
- ◆ PotBotics and RYAH Medtech, Inc executed a contribution agreement on February 1, 2019.
- ◆ On February 22nd, 2019, RYAH submitted a USPTO Design Patent for the RYAH Vaporizer Cartridge - (Patent Application 62-809266) This patent covers the design of the RYAH dry-herb vaporizer cartridge. The cartridges are designed to be sealed with Company’s proprietary filling machine and is used for storage of dry herb materials for use in Company’s vaporizer. Airflow holes are present on both ends of the cartridge to facilitate air movement during vaporization of the materials inside the cartridge. This patent is currently pending with the USPTO.
- ◆ On April 26, 2019, RYAH submitted a USPTO Design Patent Application for the RYAH Vaporizer Mouthpiece (Patent Application 62/839450). This patent application covers the design of the dry-herb vaporizer mouthpiece. The mouthpiece has an extended maze-like vapor pathway inside - where vapor travels through before reaching a user’s mouth which is known to reduce the temperature of the vapor by the time it reaches the patient’s mouth. The mouthpiece is made of thermal insulating material such that the mouthpiece remains cool during use and provides comfort to the user. This patent is pending with the USPTO.
- ◆ On May 29, 2019 PotBotics was granted a Utility Patent by the USPTO (patent number 10,296,714 relating to a method of Artificial Intelligence (AI) to capture, identify and interpret correlations between plant strains, patient demographics and medical indications. The invention also provides information on cannabinoid product availability. Medical professionals, cannabis growers, cannabis manufacturers, and other stakeholders may find this unique software program useful to study trends, efficacy, and other pertinent information to the medical cannabis market.
- ◆ On June 05, 2019 RYAH Medtech, Inc. received a class I Medical Device license from Health Canada for its dry-herb cartridges. This is considered an important step for Licensed Producers (LPs) and other entities to be able to effectively sell RYAH products in Canada.
- ◆ On June 07, 2019 – RYAH Medtech, Inc. executed a distribution agreement with Northern Green Canada, a Toronto based licensed producer (LP). The agreement opens the door for RYAH to distribute its devices and

¹ App Store Rankings August 2019 keyword ‘Cannabis’ <https://www.apple.com/us/search/cannabis?src=globalnav>

cartridges to the Canadian plant-based medical market.

- ◆ June 17, 2019: PotBotics and Prime entered into a binding Letter of Intent. On June 17, 2019, Prime entered into the Letter of Intent with PotBotics in connection with the Amalgamation for anticipated listing on the CSE. This transaction calls for Prime to change its name to RYAH Group, Inc. or any other name as may be requested by PotBotics/RYAH and acceptable to the regulatory authorities.
- ◆ July 15, 2019, RYAH's dry-herb vaporizer went into commercialization stage with a launch of a pilot program in a medical dispensary in Maryland, United States. Sweetspot is a new medical cannabis dispensary in Olney, Maryland. Sweetspot caters to patients of all knowledge and experience with cannabis. We pride ourselves on educating our patients and making recommendations that can help with the patient's medical conditions.
- ◆ On July 26, 2019, RYAH submitted to the USPTO, a Utility Patent application for the RYAH Smart Patch (patent No. 62/879283). This utility patent application covers the functionality of the RYAH smart patch and the method of its temperature and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the smart patch that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.
- ◆ On August 25, 2019, RYAH submitted to the USPTO, a Utility patent application for the RYAH Tincture (Patent application No. 62/891,37. This utility patent application covers the functionality of the RYAH tincture pen and the method of its liquid dispensing and dosing control. In addition, the patent covers the type and method of the patient and plant strain data collected, which is shared with filling partners. Finally, the patent covers the process of the tincture pen that is controlled remotely, by the Company's mobile application. This patent is currently pending with the USPTO.
- ◆ On September 09, 2020, PotBotics entered into a merger agreement with Prime, whereby PotBotics will amalgamate with Numco and shareholders of PotBotics will receive either Super Voting or Subordinate Voting Resulting Issuer Shares in exchange for their PotBotics Shares, resulting in the shareholders of PotBotics acquiring control of Prime by way of a reverse take-over.
- ◆ On March 23, 2021, Boris Goldstein, resigned effective immediately, as a member of the Board of Directors, and as Executive Chairman, Executive Director, Secretary and any and all other positions, official or unofficial, of and in Potbotics Inc. and RYAH Medtech Inc.
- ◆ On April 26, 2021, RYAH Group Inc. (formerly, Prime Blockchain Inc.) (the "Company") announced the closing of its previously announced reverse takeover transaction (the "Transaction") with Potbotics Inc. ("Potbotics"). The Transaction was effected by way of a triangular merger between the Company, Potbotics, and a wholly-owned, Florida subsidiary of the Company ("AcquisitionCo") pursuant to the laws of the State of Florida. The combined public company resulting from the Transaction (the "Resulting Issuer") will carry on the business of Potbotics.
- ◆ On May 04, 2021, RYAH Group Inc. started trading on the Canadian Securities Exchange following the closing of the reverse takeover transaction on April 26, 2021.

Over the coming years, the Company intends to develop a suite of unique, high-end, medically oriented IoT delivery device products that will complement its dry-herb vaporizer. The company further intends to develop a vertically integrated suite of productivity technology and services that is built from seed to consumption with all the major patient and doctor segments addressed. By supporting both the delivery device and data insights of the industry, the Company sees the value in developing technology that will help accelerate advancement in the industry, improve the performance and business of the plant-based medical community and create valuable insights to further develop the market globally. The Company believes that creating a closed loop enterprise data cycle throughout the value chain from seed to consumption - which is

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MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTHS ENDED JUNE 30, 2021

capable of improving dosing regimens, prescription insights, and strain to demographic correlations, the Company will provide the medical industry a unique offering that is built to make the plant, patient and medical relationship and ecosystem successful.

The scaling of the Company's ability to derive real-time dosing and effects through the data it collects is designed to uniquely address an enterprise goal to in encouraging true innovation and insights in the medical plant space. The Company also offers another unique selling proposition by way of its massive network of clinical studies and AI technology associated with its PotBotics sub brand. The platform has become a-tune to converting raw clinical data feeds and patient demographics into productive data insights. The Company intends to combine and monetize the significant amount of clinical data, with the growing data gathered by its core IoT device dose measurement tools. These two ecosystems provide the Company with the ability to grow an enterprise-class data insights and medical business intelligence capability. The Company also sees further opportunity to develop future IP through development of unique IoT devices and AI technologies.

MANAGEMENT & DIRECTORS

GREGORY WAGNER, CHIEF EXECUTIVE OFFICER, DIRECTOR

Greg is a 20+ year former financial markets global head and intrapreneur. He has held executive roles in both the United States as CEO of ABN AMRO's broker dealer, and in London as Head of Equity Prime Services for the Royal Bank of Scotland where Greg oversaw \$60b in assets under custody and over \$300m in global, annual revenues at its peak. Greg steered the Prime Services division in achieving 26 of 29 1st Place Awards in ISF Securities Lending survey (2011), Global Investor Synthetic Prime Top Provider Award (2010/2011), and Global Investor Securities Lending Award (2010/2011). At Itaú BBA, Greg created the first fully outsourced Securities Finance operation and leveraged state-of-the-art hosted solutions that demonstrated a lean and best-in-class institutional offering. Greg has co-founded and built several startups for the ground up and was named an "Innovator of the Year" from Innovate, Long Island in 2018. Greg holds FINRA Series 7, 63, 24, 55 licenses and an MBA in Finance from Fordham University. Greg has also received a Certification in Innovation and Strategy from Harvard University.

SELECTED HISTORICAL ANNUAL FINANCIAL INFORMATION

The below table highlights selected financial information for the financial years ended December 31, 2020, 2019 and 2018. The selected financial information below has been derived from the Company's audited financial statements and should be read together with and is qualified in its entirety by reference to such financial statements. The financial statements have been prepared in accordance with IFRS.

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
<i>(In U.S dollars except for share and per share data)</i>	\$	\$	\$
Selected financial information:			
Total Revenue	42,832	3,531	-
Loss and comprehensive loss	(2,490,155)	(2,299,048)	(8,965,803)
Loss per Share (base and diluted)	(0.03)	(0.03)	(0.12)
Total Assets	312,804	229,903	642,024
Total Non-Current Liabilities	727,416	633,717	302,352
Dividends Declared	-	-	-

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The company has a relatively limited operating history since its inception on February 12, 2014, under the laws of Florida. The annual financial results reflect the Company's minimal levels of activity during 2018 and 2019 fiscal years, as management conducted research and set-up activities due to the company's expansion plans and raising capital activities.

The Company has incurred losses and negative cash flows from operations from inception that has primarily been funded through financing activities.

SELECTED HISTORICAL QUARTERLY FINANCIAL INFORMATION

The selected historical quarterly financial data as of June 30, 2021 and 2019 has been derived from our unaudited interim financial statements and should be read together with and are qualified in their entirety by reference to such financial statements, which have been prepared in accordance with IFRS.

	Three months ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
<i>(in U.S. dollars, except for per share data)</i>				
Total revenue	86,845	-	-	20,350
Loss and comprehensive loss	(15,958,395)	(901,166)	(1,519,412)	(502,596)
Loss per share, basic and diluted	(0.04)	(0.01)	(0.02)	(0.01)
Dividends declared per share	-	-	-	-

	Three months ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
<i>(in U.S. dollars, except for per share data)</i>				
Total revenue	22,482	-	1,025	2,506
Loss and comprehensive loss	(231,006)	(236,525)	(598,641)	(870,745)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Dividends declared per share	-	-	-	-

The quarterly financial results reflect the Company's minimal levels of activity during the fiscal quarters in 2021, 2020 and 2019 and, as management conducted research, development and set-up activities. Quarterly losses can be attributed primarily to the total general and administrative expenses and research and development expenses incurred each quarter as well as interest expense. General and administrative expenses include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, advisory services, and client and investor relations. Interest expense is related to outstanding borrowings under various loan agreements from related parties and interest on convertibles notes issued by the Company. The total comprehensive loss for the three months ended June 30, 2021 was primarily related to merger expenses.

RESULTS OF OPERATIONS

Operating Results for the Three and Nine Months Ended June 30, 2021 compared to the Three and Nine Months Ended June 30, 2020.

The following table presents revenue and expense information for the three and nine months ended June 30, 2021 and 2020. This information was derived from our revenue and expense accounts for the respective periods.

POTBOTICS, INC.
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THREE MONTHS ENDED JUNE 30, 2021

	3 months ended		6 months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<i>(in U.S. dollars, except for per share data)</i>				
Statement of Comprehensive Loss Data:				
Revenue	86,845	22,482	86,845	22,482
Cost of sales	(25,658)	(8,912)	(25,658)	(12,390)
Accretion expenses	(33,524)	(19,668)	(44,659)	(65,725)
Consulting fees	(259,499)	(26,422)	(341,085)	(45,672)
Depreciation expenses	(11,132)	(7,632)	(16,328)	(14,989)
General and administrative	(976)	(2,711)	(114,393)	(5,545)
Insurance expenses	(2,973)	(7,131)	(14,402)	(11,521)
Interest expenses	(24,718)	(33,957)	(49,163)	(42,462)
Licences and subscriptions	(4,173)	(3,260)	(7,890)	(5,599)
Marketing	(239,006)	(3,991)	(269,888)	(9,686)
Occupancy expenses	-	(285)	-	(1,620)
Payroll expenses	(68,062)	(62,746)	(98,726)	(90,943)
Professional fees	(118,207)	(42,426)	(227,451)	(103,583)
Research and development	(147,813)	(47,846)	(253,985)	(90,630)
Share based compensation	(10,238)	-	(413,729)	-
Travel	(4,938)	-	(5,338)	(3,313)
Other income	2,744	14,467	2,744	14,467
(Loss)/ Gain on change in fair value of marketable securities	81	(422)	81	(28)
Income from government assistance	-	-	30,612	-
Listing expenses	(16,948,176)	-	(16,948,176)	-
Other expenses	-	(1,390)	-	(1,390)
Foreign currency translation adjustment	(170,144)	-	(170,144)	-
Net and comprehensive loss	(17,979,567)	(231,850)	(18,880,733)	(468,147)

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Net and comprehensive loss for the three months ended June 30, 2021 were \$17,979,567 as compared to \$231,850 for the three months ended June 30, 2020, an increase of \$17,747,717. The increase was mostly attributable to the listing expense in the context of the RTO merger which consists of the difference between the fair value of the consideration to acquire the Company and the net asset value of the Company.

The increase in revenue for the three months ended June 30, 2021 compared to the same period in 2020 is due to the ramp-up of our operations.

Accretion expenses were \$33,524 for the three months ended June 30, 2021, compared to \$19,668 for the same period in 2020.

Consulting fees were \$259,499 for the three months ended June 30, 2021, an increase of \$233,077, compared to \$26,422 for the three months ended June 30, 2020. That increase is mainly explained by fees related to regulatory consulting and more headcount in the business development team.

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Depreciation expense were \$11,132 for the three months ended June 30, 2021, compared to \$7,632 for the three months ended June 30, 2020.

General and administrative expenses were \$976 for the three months ended June 30, 2021, compared to \$2,711 for the three months ended June 30, 2020.

Insurance expenses were \$2,973 for the three months ended June 30, 2021, compared to \$7,131 for the three months ended June 30, 2020. The increase was due to higher premiums for the directors & officers insurance and product liability.

Interest expense were \$24,718 for the three months ended June 30, 2021 compared to \$33,957 for the same period in 2020, a decrease of \$9,239.

Licenses and subscriptions expenses were \$4,173 for the three months ended June 30, 2021, compared to \$3,260 for the same period in 2020.

Marketing expenses totalled \$239,006 for the three months ended June 30, 2021, compared to \$3,991 for the three months ended June 30, 2020, which represents an increase of \$235,015. The increase was due to the increased branding, lobbying and public relations costs incurred in 2021.

Occupancy expenses was nil for the three months ended June 30, 2021, compared to \$285 for the three months ended June 30, 2020. Further to its lease accounting policy, the Company recognized a right-of-use asset and a lease liability for its lease contract related to office premises. After the inception of the lease, the right of use asset is initially measured at cost and is depreciated on a straight-line basis over the lease term and charged to depreciation account.

Payroll expenses totalled \$68,062 for the three months ended June 30, 2021 as compared to \$62,746 for the three months ended June 30, 2020, which represents an increase of \$5,316 due to more employees on the payroll in 2021.

Professional fees were \$118,207 for the three months ended June 30, 2021, compared to \$42,426 for the three months ended June 30, 2020, which represents an increase of \$75,781. The increase was due to legal and accounting fees.

The increase in research and development expenses for the three months ended June 30, 2021 of \$99,967 was primarily due to the development of hardware and software for transdermal patch and Pen and improvements on the inhaler.

Share based compensation was \$10,238 for the three months ended June 30, 2021, compared to nil for the same period in 2020. The expense recorded in 2021 was due to the vesting of stock options.

Travel expenses totalled \$4,938 for the three months ended June 30, 2021, compared to nil for the three months ended June 30, 2020.

For the three months ended June 30, 2021, the listing expenses of \$16,948,176 were attributable to the RTO merger transaction.

ADDITIONAL DISCLOSURE FOR ISSUERS WITHOUT SIGNIFICANT REVENUE

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	6 months ended	
	June 30, 2021	June 30, 2020
<i>(in U.S. dollars, except for per share data)</i>		
Research and Development	(253,985)	(90,630)
Administrative expenses	(114,393)	(5,545)
Consulting fees	(341,085)	(45,672)
Total	(709,463)	(141,847)

Taxes	1,327	300
Office supplies	6,248	2,441
Other general expenses	106,818	2,803
Total Administrative Expenses	114,393	5,544

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel made for the period ended June 30, 2021 and 2020 is as follows:

	Periods	
	2021/Q2	2020/Q2
<i>(in U.S. dollars, except for per share data)</i>		
Salaries to a director	60,000	50,000
Salaries to a former director	92,500	23,000
Consulting fees paid to a director	43,000	-
Research and development fees paid to a director	30,000	-
Total	225,500	73,000

As at June 30, 2021, the Company has \$81,527 due to a former director of the Company for salaries, \$36,668 due to current directors of the Company.

During the year ended December 31, 2019, the Company received loans from a company controlled by a director of the Company in the amounts of \$954,490. The loans are initially measured at fair value using an estimated market discount rate of 25%. The loans are subsequently measured at amortized cost using the effective interest rate method.

During the year ended December 31, 2020, the Company converted principal of \$750,000 and accrued interest into 2,238,597 common shares. The Company repaid an additional \$157,500 loans from related parties. As at December 31, 2020, there is principal balance of \$202,440 and accrued interest of \$5,523. As at March 31, 2021, there is principal balance of \$202,440 and accrued interest of \$6,667. The loans bear interest at 2.7% per annum with maturities between October 16, 2021 and November 29, 2021.

As at June 30, 2021, the Company repaid all its outstanding principal and interest amount \$228,940.

LIQUIDITY AND CAPITAL RESOURCES

Our primary short-term liquidity needs are to fund general working capital requirements and debt service, while our long-term liquidity needs primarily relate to capital expenditures relating acquisitions, maintenance capital expenditures and debt repayment.

On February 24, 2020, the Company issued a promissory note for proceeds of \$17,984 (CAD\$25,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and matures on August 23, 2021. During the year ended December 31, 2020, the Company recorded interest expense of \$932.

On April 21, 2020, the Company received \$35,500 from a promissory note entered with BNB Bank funded by the U.S. Small Business Administration. The loan matures two years from the date of first disbursement of the loan, with no payment required for the first six months, and bears interest at 1% per annum. The Company recorded the loan at fair value using an effective interest rate of 25%. The difference between the amount received and the fair value of the loan of \$8,823 was recorded as income from government assistance. During the year ended December 31, 2021, the Company recorded accretion expense of \$4,699 and interest expense of \$235. As at December 31, 2020, the carrying value of the loan was \$31,612.

On September 14, 2020, the Company issued a promissory note to Prime for proceeds of \$74,807 (CAD\$100,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date.

On November 17, 2020, the Company issued a promissory note to Prime for proceeds of \$302,117 (CAD\$400,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date.

On December 10, 2020, the Company issued a promissory note to Prime for proceeds of \$231,110 (CAD\$300,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date.

On January 25, 2021, the Company issued a promissory note to Prime for proceeds of \$99,985 (CAD\$125,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date.

On January 28, 2021, the Company issued a promissory note to Prime for proceeds of \$308,865 (CAD\$400,000). The note is unsecured, bearing interest of 6% per annum based on a 360-day year and maturing in 24 months from the issue date.

On April 21, 2021, the Company completed the RTO Merger with Prime. The net proceeds from issuance of shares related to the transaction were \$2,574,422.

The Company has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. Management anticipates that its working capital is sufficient to meet its expected ongoing obligations for the upcoming year. However, if the Company requires additional capital and it is unable to obtain acceptable financing, it will experience liquidity issues and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

Cash Flow

The following table presents cash flow information for the three months ended June 30, 2021 and 2020. This information was derived from our statement of cash flows for the respective periods.

POTBOTICS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTHS ENDED JUNE 30, 2021

	6 months ended	
	June 30, 2021	June 30, 2020
<i>(in U.S. dollars, except for per share data)</i>		
Net cash provided by/(used in) operating activities	(1,349,531)	(150,271)
Net cash used in investing activities	(16,540)	(14,529)
Net cash provided by financing activities	1,784,234	159,572
Effect of exchange rates on cash	720,831	-
Increase in cash and cash equivalents	1,138,993	(5,228)
Cash and cash equivalents at the end of the period	1,292,278	30,564

Net cash used in operating activities of \$1,349,531 for the six months ended June 30, 2021 compared with \$150,271 for the six months ended June 30, 2020.

Net cash used in investing activities corresponds to the repayment of lease liability.

Net cash provided by financing activities for the six months ended June 30, 2021 consisted of cash received for the issuance of the Company's notes and proceeds from issuance of shares related to the RTO Merger.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates, as its convertible notes bear fixed interest rate at 8% per annum.

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in the United States of America. As all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The

Company coordinates this planning and budgeting process with its financing activities through the capital management process described below, in normal circumstances.

Historically, the Company's sole source of funding has been the issuance of equity securities and convertible notes. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company's financial liabilities are comprised of its accounts payable, convertible notes, loans and notes payable. The accounts payable and one of the convertible notes are due on demand or within 30 days. The loans payable mature between April 2020 and November 2022.

The following table summarizes our long-term contractual obligations as of June 30, 2021:

POTBOTICS, INC.
MANAGEMENT DISCUSSION AND ANALYSIS
THREE MONTHS ENDED JUNE 30, 2021

(in U.S. dollars, except for per share data)

	TOTAL	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 years
Operating lease Commitments (1)	37,122	37,122	-	-	-
Debt obligations (2)	171,573	138,630	32,943	-	-
Total	208,695	175,752	32,943	-	-

- 1) Amounts in the table reflect minimum payments due for the Company's leased facilities under the current operating lease agreements that expire in 2022.
- 2) Amounts in the table reflect the contractually required principal and interest payments payable under loan agreements and convertible notes.

Capital management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt.

Market risk:

The Company's financial instruments are exposed to a number of financial and market risks, including credit and liquidity risk. The Company does not currently have in place hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size and pattern of operations would warrant such hedging activities. The Company evaluates the key risks on an ongoing basis and has established policies and procedures to mitigate such risks.

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal. The foreign currency risk is assessed as low.

Fair Value

The carrying values of financial instruments such as cash and cash equivalents and prepayments and other assets, accrued liabilities and other payables and loan payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The carrying value of the convertible notes approximates its fair value as its fixed interest rate approximates the market interest rate considering the Company's credit risk. The fair value of the marketable securities (securities held for sale) of \$148 is derived from its quoted stock price as at December 31, 2020 and is considered as Level 1 in the fair value hierarchy.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including

expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible secured subordinate debentures that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(ii) Income taxes

The Company has not recognized a deferred tax asset as management believe it is not probable that taxable profit will be available against which a deductible temporary difference can be utilized.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

ACCOUNTING STANDARDS ADOPTED IN THE CURRENT YEAR

In January 2016, the IASB issued the IFRS 16 Leases, which requires lessees to recognize all leases on the statement of Financial Position. Following the adoption of IFRS 16, on February 1, 2019 the Company recognized right of use asset and long-term lease liability for its existing leases on its retail locations totaling \$27.525.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 came into effect January 31, 2018. The adoption of this standard had no significant impact on the Company.

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The Standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single

'expected loss' impairment model and a substantially reformed approach to hedge accounting. IFRS 9 will come into effect on January 1, 2018. Other than disclosure the adoption of this standard had no impact on the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized and issued share capital:

- ◆ Class A subordinate voting: unlimited, without par value 257,293,902 outstanding at June 30, 2021.
- ◆ Class B super voting: unlimited without par value, 2,347,259 outstanding at June 30, 2021.

There were 15,239,832 stock options outstanding as of June 30, 2021.

There were 153,959,737 warrants outstanding as of June 30, 2021.

SUBSEQUENT EVENTS

- ◆ A service agreement with EastWest Asset Management LLC ("EastWest"), an affiliate of CFN Media Group, through RYAH Medtech, under which EastWest will provide certain investor relations, marketing and corporate communication services to the Company for a period of six (6) months. In consideration for EastWest's services, the Company has agreed to pay EastWest a fee of US\$175,000, satisfied by the issuance of an aggregate 2,893,333 restricted Class A subordinated voting shares (the "Consideration Shares") to EastWest, at a deemed price of C\$0.075 per share. The Consideration Shares are subject to certain contractual leak-out provisions in respect of the disposition or transfer such shares. The shares were issued on July 08, 2021.

RISKS AND UNCERTAINTIES

The following information sets forth certain material risks and uncertainties that may affect the Company's business, including the Company's future financial position and operating results, and could cause the Company's actual results to differ materially from those contained in forward-looking statements in this MD&A. The risks and uncertainties below are not the only ones faced by the Company. Additional risks and uncertainties not presently known to management of the Company, or that management believes to be immaterial, may also adversely affect the Company's business, results of operation, and financial condition. The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control.

No Material Revenue

The Company has not yet generated material revenue. The Company continues to remain subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Intellectual Property and Proprietary Protection

The success of the Company will depend, in part, on the ability of the Company to maintain, enhance and protect its intellectual property, including various existing and potential proprietary discoveries, techniques and processes. The Company may be vulnerable to competitors who develop competing technology. Further, the protection of the Company's intellectual property may, from time to time, require the Company to pursue costly proceedings against third parties.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees. Accountability and oversight of the Company rests with the Board of Directors. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

Competitive Conditions

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements, product functionality, performance, price and reliability, sales and marketing efforts, and the introduction of new products and services by competitors.

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and their impact on the financial condition and results of operation of the Company in future periods.

ADDITIONAL INFORMATION

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.