HARRYS MANUFACTURING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JANUARY 31, 2021

The following Management's Discussion and Analysis ("MD&A") is dated April 1, 2021 and should be read in conjunction with the consolidated financial statements of Harrys Manufacturing Inc. ("Harrys" or the "Company") for the six months ended January 31, 2021.

FORWARD-LOOKING INFORMATION

Statements herein that are not historical facts and are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the Company's ability to generate sufficient cash flows from operations and from financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

BUSINESS DESCRIPTION AND READER GUIDANCE

Harrys was incorporated under the laws of the Province of British Columbia in 2007, formerly under the name of Westridge Resources Inc. The Company had previously focused on the acquisition, evaluation and exploration of mineral resource properties.

On December 22, 2017, the Company entered into a Letter of Intent with Harrys International Manufacturing Inc. ("HIMI") to acquire all of the issued and outstanding common shares of HIMI (the "HIMI Shares") in exchange for the common shares of the Company. HIMI's principal business is the sale and distribution of tobacco products to both domestic and international purchasers.

On January 22, 2018, the Company entered into a Share Exchange Agreement with HIMI. Pursuant to the agreement, the Company agreed to acquire all of the issued and outstanding shares of HIMI in exchange for the issuance of 28,500,100 shares of common stock of the Company to the shareholders of HIMI. The Acquisition closed on October 4, 2018. On October 4, 2018, the Company also changed its name from Westridge Resources Inc. to Harrys Manufacturing Inc. On October 17, 2018, the Company shares commenced trading on the CSE under the symbol "HARY".

Tobacco Cigarette Sales

Over the past 12 months the Company has been focused on developing the route to market and securing the necessary provincial wholesale tobacco licenses for sales and distribution of HARRYS brand cigarettes to customers in Canada. The Company currently has tobacco wholesale license applications that are pending or under review for approval in British Columbia, Manitoba, Ontario and Quebec, as well as approved wholesale tobacco licenses for the provinces of Alberta and Saskatchewan.

Management continues to work with its Canadian manufacturer (the "Manufacturer") to augment their registration approvals from the Canada Revenue Agency Excise Duties and Taxes Division to facilitate ordering the required Tobacco Stamps. The Stamps are to be placed by the manufacturer on Harrys tobacco cigarette products destined for sale in the designated Canadian Provinces where the Company has received a wholesale tobacco license.

Pursuant to the manufacturing agreement dated November 19, 2020 the Company has loaned $200,000 by way of Promissory Note to the Manufacturer. The Principal amount has been advanced to the Manufacturer for the sole purpose of paying an additional security deposit to the Canada Revenue Agency to allow the purchase of federal excise tax stamps for cigarette products manufactured for sale in Canada. A portion of the Principal amount, together with all other amounts due will be paid in installments or such other amount agreed to by the parties until fully paid.

Appointment of new President & CEO

On February 26, 2021 the Company announced the appointment of Ken Storey as its new President & CEO. Mr. Storey brings over 35 years' experience in the tobacco industry to Harrys. Starting as an Imperial Tobacco (BAT) sales rep, Ken's many roles include President of National Smokeless Tobacco Company, a subsidiary of U.S. Tobacco (now Altria), and Director of Sales for House of Horvath Inc., a family-owned manufacturer of cigars and importer of global brands. In those roles, Ken has led consumer-focused sales and marketing teams and he is credited with achieving consistent revenue growth. This experience has led him coast to coast (to coast) in Canada and introduced him to a strong network Industry associates. He has worked with International companies such as Swisher International, Royal Agio and General Cigar. Mr. Storey is recognized in retail and wholesale channels as a strategic supply channel partner and was honored as Outstanding Industry Leader of the Year in 2011 by the National Convenience Store Distributors Association. Ken currently sits on the Board of Directors of Sting Free AB, a private company in Sweden and patent holder in the Swedish Snus (smokeless tobacco product) Industry.

Reader Guidance

The Company's condensed interim consolidated financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. At January 31, 2021, the Company had an accumulated deficit of $23,458,841 since inception and net working capital of $362,935.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from working capital, cash flow from operations and, if necessary, from loans from directors and companies controlled by directors and/or exercise of outstanding options and warrants and private placement of common shares. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy. However, if the Company is unable to raise additional capital or achieve profitability in the near term, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. The condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Impact of COVID-19 on the Financial Position of the Company

In December 2019, a strain of novel coronavirus (now commonly known as "COVID-19") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States and Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19.

At this time the Company remains open for business, however significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. Government-imposed restrictions on travel and other "social-distancing" measures such restrictions on assembly of groups of persons, have the potential to disrupt supply chains for parts and sales channels for our products, and may result in labor shortages.

It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We will continue to monitor the COVID-19 situation closely, and intend to follow health and safety guidelines as they evolve.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following information is derived from the Company's quarterly financial statements for the past eight quarters and has been prepared using IFRS:

	Three Months Ended January 31, 2021	Three Months Ended October 31, 2020	Three Months Ended April 30, 2020	Three Months Ended July 31, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	(338,464)	(122,060)	(660,839)	(193,878)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	787,672	991,659	655,725	1,410,343

	Three Months Ended January 31, 2020	Three Months Ended October 31, 2019	Three Months Ended July 31, 2019	Three Months Ended April 30, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ 7,500
Loss for the period	(526,241)	(302,896)	(12,276,109)	(273,893)
Loss per share - basic and diluted	(0.01)	(0.00)	(0.17)	(0.00)
Total assets	895,154	1,148,244	1,346,245	13,467,604

Fluctuations in the Company's expenditures reflect the variations in the timing of general operations, and the ability of the Company to raise capital for its projects, including share-based payments during certain quarters. For future tobacco cigarette sales in Canada the Company will rely on existing funds to cover the cost of manufacturing and the cost of the required Federal Excise Tax stamps, prior to receiving payment from its Canadian wholesale distributor.

Net loss increased during the three-month period ended January 31, 2021 over the three months October 31, 2020, as a result of an increase in share-based payments.

Net loss decreased during the three-month period ended January 31, 2021 over the three months January 31, 2020, as a result of a decrease in share-based payments and amortization.

Net loss decreased during the three-month period ended October 31, 2020 over the three months July 31, 2020, as a result of an impairment of equipment recorded during the three months ended July 31, 2020.

Net loss decreased during the three-month period ended October 31, 2020 over the three months October 31, 2019, as a result of a decrease in share-based payments and amortization.

Net loss increased during the three-month period ended July 31, 2020 over the three months April 30, 2020, as a result of an impairment of equipment recorded, offset by a reversal of accrued wages payable recognized during the three months July 31, 2020.

Net loss decreased during the three-month period ended July 31, 2020 over the three months July 31, 2019, as a result of an impairment of goodwill recorded during the three months July 31, 2019.

Net loss decreased during the three-month period ended April 30, 2020 over the three months January 31, 2020, as a result of decreased share-based payments during the three months April 30, 2020.

Net loss decreased during the three-month period ended April 30, 2020 over the three months April 30, 2019, as a result of a decrease in salaries and wages offset by an increase in consulting fees.

Net loss increased during the three-month period ended January 31, 2020 over the three months October 31, 2019, as a result of increased share-based payments during the three months January 31, 2020.

RESULTS OF OPERATIONS

Operating expenses of $322,941 for the three months ended January 31, 2021 decreased as compared to $526,241 in 2020. Significant expenses during the three months ended January 31, 2021 were consulting fees of $50,000 (2020 - $55,800), management fees of $40,050 (2020 - $40,050), share based payments of $155,684 (2020 - $306,849), office and administrative of $36,690 (2020 - $35,616), and professional fees of $13,531 (2020 - $20,784).

Operating expenses of $429,362 for the six months ended January 31, 2021 decreased as compared to $829,387 in 2020. Significant expenses during the six months ended January 31, 2021 were consulting fees of $52,500 (2020 - $100,800), management fees of $80,100 (2020 - $75,600), share based payments of $155,684 (2020 - $390,638), office and administrative of $54,550 (2020 - $60,604), professional fees of $37,621 (2020 - $52,671), and transfer agent and filing fees of $13,631 (2020 - $27,964).

During the three and six months ended January 31, 2021, the Company had a general decrease in operations and most operating expenses compared to the three and six months ended January 31, 2020. The decrease was the result of the Company focusing its efforts on obtaining all of the necessary provincial and federal licenses and registrations for the future sales and distribution of Harrys tobacco cigarettes in Canada.

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended January 31, 2021, the Company's working capital increased to $362,935 as at January 31, 2021 from working capital of $180,507 as at July 31, 2020. The increase was a result of an increase in cash from $239,121 on July 31, 2020 to $364,590 on January 31, 2021 primarily as a result of the exercise of 3,767,000 warrants for gross proceeds of $452,040, and a slight decrease in current liabilities from $93,684 at July 31, 2020 to $63,566 at January 31, 2021.

During the six months ended January 31, 2021, net cash used in operations was $311,321 (2020 - $333,024), net cash used in investing activities was $nil (2020 - $5,359), and net cash provided by financing activities was $436,790 (2020 - $nil).

The Company did not undertake any investing activities during the six months ended January 31, 2021. Investing activities during the six months ended January 31, 2020, was the result of the purchase of $5,359 of equipment.

Financing activities during the six months ended January 31, 2021 include receipt of $472,040 from share issuances and lease repayments of $35,250. The Company had no financing activities during the six months ended January 31, 2020.

The Company's entire non-derivative financial liabilities are due within one year.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and exercise of stock options and warrants, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

BUSINESS RISKS

In the normal course of business, the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for products and services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligations and liabilities as they fall due;

- obtaining timely regulatory and license approvals;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions, pandemics and labor disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and,
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates by a material amount. Matters that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to assumptions used in estimating share-based payments; the recoverability of deferred tax assets; the going concern assumption; the useful lives of long-lived assets; inputs used to determine the present value of right-of-use asset, and the recoverability of long-lived assets.

CHANGE IN ACCOUNTING POLICY AND NEW ACCOUNTING STANDARDS

During the six months ended January 31, 2021, there were no changes in accounting policies and no new accounting standards adopted.

FINANCIAL INSTRUMENTS

Financial instruments are accounted for in accordance with IFRS 9 Financial Instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company's financial instruments consist of cash, amounts receivables, accounts payable and accrued liabilities, and wages payable. Receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI - equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statement of loss and comprehensive loss

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of loss and comprehensive loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the consolidated statement of loss and comprehensive loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of loss or comprehensive loss.

RISKS

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company is exposed to the following risks:

(a) 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 major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to this risk is on its receivables. The Company also has minimal risk relating to a small amount of refundable sales taxes.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and similar source.

As at January 31, 2021, the Company's current liabilities consisted of accounts payable and accrued liabilities of $834, wages payable of $53,016 and current portion of lease liability of $9,716. The Company's cash was $364,590 at January 31, 2021 and was sufficient to fulfil these liabilities.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant funding.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

(i) Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's risk to foreign exchange is limited since it holds only Canadian dollars.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not carry significant financial instruments that are exposed to interest rate risk. In addition, the Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

The Company does not hold any financial instruments that have direct exposure to commodity or other price risks.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Harrys does not have such off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred key management compensation as follows:

Six months ended January 31,	2021 $	2020 $
Management fees accrued or paid to a director and the former President and CEO Kevin Kohanik, CFO Michael Young and directors Henry Chow and Daniel Polus	80,100	75,600
Share-based payments	77,835	79,700
Total fees paid to related parties	157,935	155,300

On April 1, 2020, the Company entered into an agreement to lease a distribution warehouse facility with a company controlled by the family of a director and the former President and CEO of the Company, Kevin Kohanik.

Wages Payable

As at January 31, 2021, $33,794 (July 31, 2020 - $33,794) in wages payable is outstanding in relation to transactions with related parties, which are non-interest bearing, unsecured and due on demand.

Stock Options

On December 2, 2020, the Company granted 500,000 stock options exercisable at $0.125 per share for five years after the date of grant to two directors of the Company, Henry Chow and Daniel Polus.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data as at March 26, 2021:

Total common shares	81,318,358
Total outstanding warrants	500,000
Total outstanding stock options	4,380,000
Total diluted common shares	86,198,358

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. 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 MI 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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

During the six months ended January 31, 2021, the material components of general & administrative expenses included rent of $22,800 (2020 - $15,000), travel of $4,185 (2020 - $20,174), administration of $5,000 (2020 - $12,000), security of $8,085 (2020 – $nil) telephone and utilities of $4,348 (2020 - $6,755).

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.