

Form 51-102-F1

HEMP FOR HEALTH INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the period ended July 31, 2021

Directors and Officers as at September 28, 2021

Directors:

Robert Eadie
Gary Arca
Gina Pala
Emiliano Vanni

Officers:

President & CEO – Robert Eadie
CFO & Corporate Secretary – Gary Arca

Contact Name: Robert Eadie

Contact e-mail: robert@hempforhealth.eu

HEMP FOR HEALTH INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended July 31, 2021

1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements of Hemp for Health Inc. (the "Company" or "H4H") for the period ended July 31, 2021. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com

This MD&A is prepared as of September 28, 2021.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

1.2 Overall Performance

Description of Business

Hemp for Health Inc. (the "Company") was incorporated on October 1, 2018 under the Business Corporations Act of British Columbia. The Company is listed on the Canadian Securities Exchange (the "CSE") and the Company's shares commenced trading on the CSE on November 1, 2019 under the trading symbol "HFH". The Company is in the business of growing, processing, packaging and selling cannabidiol and related hemp based products in Italy. The Company set up a wholly owned Italian subsidiary, Hemp For Health H4H S.R.L. ("H4H") that operates the business interests in Europe. The Company's shares are listed on the Frankfurt Stock Exchange ("FSE") under symbol "9HH". The Frankfurt Stock Exchange operated by Deutsche Börse Group is one of the world's largest trading centres for securities and the largest of the eight stock exchanges in Germany. The Frankfurt listing is expected to facilitate the process of trading in its shares by investors in Europe and internationally.

1.3 Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends, which are calculated in accordance with International Financial Reporting Standards ("IFRS"), are as follows:

	April 30, 2021	April 30, 2020	April 30, 2019
	\$	\$	\$
(a) Total revenues	-	Nil	Nil
(b) Total expenses	(1,508,166)	(2,136,754)	(236,584)
(c) Net loss	(1,508,166)	(2,125,740)	(236,584)
(d) Loss per share – basic and diluted	(0.06)	(0.10)	(0.04)
(e) Total assets	31,373	1,143,223	2,172,493
(f) Total long-term liabilities	Nil	Nil	Nil
(g) Cash dividends declared per - share	Nil	Nil	Nil

1.4 Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the July 31, 2021 unaudited condensed consolidated financial statements of the Company and notes attached thereto.

The Company had signed a letter of intent ("LOI") with Pacific Hemp Company Pty Ltd. ("PHC"), whereby the Company would acquire 100% of the outstanding shares of PHC. The LOI expired on May 17, 2021, as PHC was unable to meet its minimum obligations. PHC advanced the Company a 60 day refundable deposit pursuant to the extension of the original agreement to May 17th, 2021 of \$152,500 (100,000 Euros). This amount remains outstanding to PHC and management believes it will be partially offset by expenses incurred.

Regulatory Environment

On a regulatory front, Italy faces a predicament in its policies towards hemp and CBD legalization. CBD was classified as a narcotic last year, with officials simultaneously banning the compound from the Italian market and requiring authorization from Italian Medicines Agency to produce CBD for oral use. This recent ruling by the Customs and Monopoly Agency completely contradicts the decree set out by the Ministry of Agriculture which listed hemp flowers for “extraction uses” as an agricultural product, and not a drug.

Hemp for Health can still grow and sell hemp in Italy and pursue all avenues to distribute its product in Europe and other international markets.

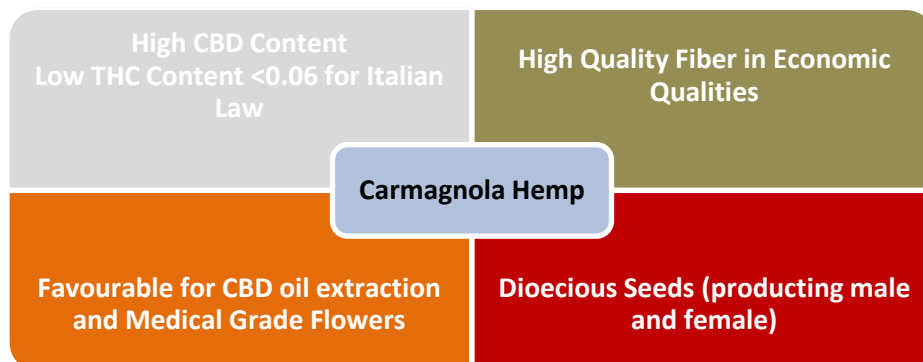
Cultivation Agreements

The Company entered into agreements with various agricultural groups to cultivate and harvest hemp on behalf of the Company on up to 150 hectares of farmland in the province of Sienna, Italy for the 2020 calendar year. These contracts are based on a 5-year initial agreement with the option to renew for an additional 5 years including planting, watering, harvesting and natural fertilizers.

Hemp Industry

The Company is a participant in the legal hemp industry. Hemp, or Industrial Hemp, is typically found in the northern hemisphere, is a strain of the Cannabis sativa plant species, and is grown typically for the industrial applications of its derived products. It is a fast growing plant and has been used for centuries for a variety of uses ranging from paper, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed.

Although hemp is derived from the species Cannabis sativa and contains the psychoactive component THC, it is a distinct strain with unique phytochemical compositions and uses. Hemp has lower concentrations of THC and typically has higher concentrations of cannabidiol (CBD). The legality of Industrial Hemp varies among countries. Many governments regulate the concentration of THC and permit only hemp that is bred with an especially low THC content. Some other benefits and unique traits of the Carmagnola variety are displayed below in the diagram:



Corporate Overview

Our mission at Hemp for Health is to produce and provide access to high quality hemp-based CBD products so that people can live better lives. Our focus is on four verticals: genetics, cultivation, extraction and partnerships. Through a vertically integrated process, our CBD products will be produced and processed in Tuscany thus achieving the “Made in Tuscany” label, a globally recognized branding strategy. Our test crop in the first year of operations was a Carmagnola hemp strain and the 2019 and 2020 harvests responded positively to the Tuscan soil and climate.

Strategy

Management believes that an opportunity exists in the cultivation of Hemp for the extraction of CBD and terpene profiles containing myrcene, limonene, and other hydrocarbons. These compounds may provide health benefits and come from a natural source without any adverse psychoactive effects for the user. This is because hemp typically contains less than 0.3% THC. This gives H4H the ability to offer natural products for customers to supplement their diet and health regimes instead of man-made chemicals or drugs. H4H will not produce or sell medicinal or recreational marijuana or products derived from high-THC Cannabis/marijuana plants.

It is the Company's intention to process the Hemp biomass so as to produce and sell Dry Flower and CBD Crude Oil. For future years, the Company will seek to (i) expand the hectares under cultivation, (ii) process the Hemp biomass to produce its own line of CBD related products, and (iii) collaborate with research institutions and universities seeking to enter Europe's emerging market of hemp-derived cannabidiol (CBD) products.

Positioning of Hemp for Health in the European Market

As a company focused on the “Made in Tuscany” brand, we are committed to creating a portfolio of products that appeal to consumers. Our full spectrum CBD oil will be branded as Tuscan Gold, Tuscan Silver, and Tuscan Bronze. The tiered pricing system will be based on the total content of CBD in each set of CBD oil and our sales will be focused on the European market and nearby jurisdictions. The final pricing strategy of our products will be determined upon the best available market prices and a careful analysis of the current CBD landscape in Europe.

CBD Crude Oil

This will be the Company's main wholesale product. CBD Crude Oil is the rawest post-extraction form of product. It contains CBD as well as many other cannabinoids and terpenes. Because it requires the least amount of processing and is currently high in demand, the Company can bring this product to market quickly and most effectively. CBD Crude Oil can be stripped of its fats and waxes to yield more pure and high-margin products. Some of these products include full-spectrum CBD oils, distillates, and isolates.

Dry Flower Biomass

This is the dried and ground form of the Hemp, primarily its flower but may also contain leaves. This is akin to the style of dried marijuana cannabis that is primarily smoked. However, this dry flower cannabis contains <0.2% THC, the psychoactive agent in marijuana, and does not intoxicate the user in anyway. It is generally used to extract CBD. Distribution of the dried flower will be wholesale.

Calendar 2020 Results and 2021 Growth Expectations

The Company's first year of operations was focused on a test crop which included the CBD Carmagnola strain in the Tuscan valley. Of the 3 hectares of this strain planted, the yield was approximately 3,000 kilos of biomass and 340 kilos of hemp flower. The majority of this product was sold in bulk.

The 2020 growing season was programmed to plant 150 hectares from 4 different strains of seed, however, due to the COVID-19 pandemic, fundraising and operations were adversely affected in the first part of 2020. As a result, management determined that it was best to reduce the planting to 59 hectares (Ha) to best utilize the funds raised in March, 2020, and to allow for a more manageable crop in these uncertain times.

The Company completed the hemp harvest for the 2020 growing season whereby we planted on 59 Ha. The allocation for this year had 9 Ha dedicated to dry flower and 50 Ha dedicated to biomass with hemp varieties that contain high levels of CBD with trace amounts of THC below 0.2% content. The hemp biomass and flowers were cleaned, dried and then weighed while samples were sent to two separate laboratories for analysis of CBD, CBG and THC. At April 30, 2021, it was determined that the raw hemp biomass did not have any economic value to warrant further processing or sale due to low levels of CBD oil content. The Dry Flower and related biomass did have economic values of CBD oil content and amounted to over 20,000 kg, as follows:

- 12,685 kg of biomass, no fiber
- 6,720 kg of biomass with fiber
- 878 kg of flowers

However, due to the uncertainty of sales in the saturated European market at this time and with continuing concerns regarding the COVID-19 pandemic, management has decided to write the value of the biomass to \$Nil and will realize sales, if any, as revenue at the time realized.

Production Agreements

During the year ended April 30, 2020, the Company entered into agreements with various agricultural groups to cultivate and harvest hemp on behalf of the Company on up to 150 hectares of farmland. The agreements are for an initial 5 year period with an option to renew for 5 years. The payments to these farmers in the year ended April 30, 2021, have been fully expensed to research and development as the Company is still testing plant strains and has no significant revenue. During the period ended July 31, 2021, no further research and development costs had been incurred as the Company had not yet secured the rights to a planting.

Environmental Protection

The operation of our business has no extraordinary environmental protection requirements. As a result, the Company does not anticipate that any environmental regulations or controls will materially affect the business.

1.5 Results of Operations

The loss and comprehensive loss for the period ended July 31, 2021 is \$59,701 and for the comparative period ended July 31, 2020 there was a loss and comprehensive loss of \$399,775:

For the period ended July 31,	2021	2020	Variance
Expenses			
Audit and accounting	3,000	6,150	(3,150)
Foreign exchange loss/ (gain)	103	(3,250)	3,353
Legal	3,916	11,311	(7,395)
Research and development	-	273,666	(273,666)
Office and administration	14,249	16,971	(2,722)
Management Fees	16,500	-	16,500
Shareholder communication and marketing	1,683	77,624	(75,941)
Transfer agent and filing fees	2,250	2,295	(45)
Travel and accommodations	-	15,008	(15,008)
Total income (loss) and comprehensive income (loss) for the period	\$ (41,701)	\$ (399,775)	\$ (358,074)

During the period ended July 31, 2020, the Company expensed crop costs as research and development, along with seed costs and consulting fees for a total of \$311,846, excluding VAT taxes incurred. This is offset by \$38,180 of proceeds received on sale of the test crop biomass for a net expense of \$273,666.

During the prior year, the Company incurred marketing and shareholder expenses of \$77,624, legal expenses of \$11,311 and travel and accommodations costs of \$15,008 largely in relation to start-up costs in Italy. These are compared to \$1,683, \$3,916 and \$nil in the current year, respectively, related to operations in Canada and Italy which are much lower due to COVID restrictions resulting in a lack of funding and lower activity as there was no official planting. Legal, corporate and foreign regulatory fees and taxes related to the Italian subsidiary are included in legal costs. All other expenses are included in the related expense categories, including office and administration.

Financings, Principal Purposes & Milestones

The Company completed its last private placement in March 2020, issuing 4,100,000 units priced at \$0.20 per unit, for gross proceeds of \$820,000. Each unit consists of one common share of the Company and one-half of one share purchase warrant for 2,050,000 whole warrants, with each warrant entitling the holder thereof to acquire an additional common share of the Company for a period of two years at a price of \$0.30 per share. Cash payments totalling \$57,600 and 144,000 finder's warrants, with the same terms and conditions as the unit warrants, were paid as finders' fees.

1.6 Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Q1 31-Jul-21	Q4 30-Apr-21	Q3 31-Jan-21	Q2 31-Oct-20
Loss for period	\$ (41,701)	\$ (480,426)	\$ (432,816)	\$ (195,149)
Per share – basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.00)

	Q1 31-Jul-20	Q4 30-Apr-20	Q3 31-Jan-20	Q2 31-Oct-19
Income / (loss) for period	\$ (399,775)	\$ (491,720)	\$ (396,618)	\$ (607,067)
Per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.03)

Discussion

The Company reports a loss of \$41,701 for the quarter ending July 31, 2021 compared to a loss of \$399,775 in the comparative quarter ended July 31, 2020. For more detailed discussion on the quarterly production results and financial results for the quarter ended July 31, 2021, please refer to *Sections 1.5 under "Results of Operations"*.

1.7 Liquidity and Capital Resources

As at July 31, 2021, the Company had \$313 (April 30, 2021 - \$12,348) in cash, working capital deficit of \$510,343 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

The Company's working capital will not meet corporate, development, administrative and property obligations for the coming year. As a result, the Company will require additional financing and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern (see financing - *section 1.5 - Financings, Principal Purposes & Milestones*).

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

The following is a summary of charges incurred by the Company with related parties during the period ended July 31, 2021 and 2020:

<u>Period ended July 31,</u>	<u>2021</u>	<u>2020</u>
Audit and accounting	\$ 3,000	\$ 3,750
Management fees	16,500	-
Office and administrative expense	8,166	3,750
<u>Total</u>	<u>\$ 27,666</u>	<u>\$ 7,500</u>

During the three months ended July 31, 2021, the Company incurred fees and operational expenses totalling \$27,666 (July 31, 2020: \$7,500) from companies controlled by an officer and director of the Company and by another officer and director. As of July 31, 2021, the Company had amounts payable to officers and directors, and companies with directors in common of \$49,126 (April 30, 2021: \$50,789).

In March, 2021, the CEO and director of the Company advanced \$130,000 to the Company as a non-interest bearing advance to provide working capital to the Company for payment of third party liabilities.

1.10 Critical Accounting Estimates

a) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to account the consideration of the various factors discussed in Note 2 of the July 31, 2021 unaudited interim consolidated financial statements.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recuperated.

1.11 Changes in Accounting Policies

N/A

1.12 Financial and Other Instruments

As at July 31, 2021, the Company's financial instruments consist of cash, amounts receivable, advances payable, and trade and other payables.

The fair value of the Company's amounts receivable, advances payable, and trade and other payables approximates their carrying value, which is the amount on the statement of financial position, due to their short-term maturities or ability of prompt liquidation.

a) Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. At July 31, 2021, US dollar amounts were converted at a rate of \$1.2477 Canadian dollars to \$1 US dollar and Euro were converted at a rate of \$1.4807 Canadian dollars to 1 Euro. A 10% increase or decrease in the US dollar exchange rate may increase or decrease loss for the period by approximately \$10. A 10% increase or decrease in the EUR\$ exchange rate will decrease or increase loss for the period by approximately \$5,524.

b) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2021. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

c) 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 is exposed to credit risk with respect to its cash, the balance of which at July 31, 2021 is \$313 (April 30, 2021 - \$12,348). As at that date, cash and short-term investment were held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at July 31, 2021, the Company was holding cash of \$313 (April 30, 2021 - \$12,348).

1.13 Disclosure of Outstanding Share Capital as at September 28, 2021:

	Number	Book Value
Common Shares	24,162,001	\$ 3,324,180

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Shares	Exercise Price	Expiry Date
196,000	\$0.30	November 5, 2021
5,730,000	\$0.30	April 26, 2022
605,000	\$0.30	May 6, 2022
2,194,000	\$0.30	March 10, 2022
8,725,000	\$0.30	

During the quarter ended July 31, 2021, 38,800 warrants expired unexercised.

1.14 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.