MARY AGROTECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2021

May 25, 2021

This Management's Discussion and Analysis ("MD&A") presents management's analysis of the consolidated financial position and financial performance for the three and six months ended March 31, 2021 of Mary Agrotechnologies Inc. ("Mary AG"), its 100% owned subsidiary Mary Agrotechnologies Hong Kong Limited ("Mary HK") and Mary HK's 75% owned subsidiary Yunnan Moquan Agrotechnologies Limited ("Yunnan Moquan"). Collectively, Mary AG, Mary HK and Yunnan Moquan, are referred to as the "Company". All inter-company balances and transactions have been eliminated.

The following information should be read in conjunction with the financial statements of the Company for the year ended September 30, 2020 and 2019, including the notes contained therein. Except otherwise indicated, the condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless noted otherwise.

The condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future.

FORWARDING LOOKING INFORMATION

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantee of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the "Risk Factors" section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and underlie the forward-looking statements as reasonable assumptions, any of which could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements.

Within this MD&A, the Company has specifically noted the forward-looking nature of comments where applicable. Generally, readers should be aware that forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The Company's dependency on future profitable operations;
- The management's ability to manage costs;

- Expectations regarding the ability to raise capital to fund future working capital requirements.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on the Company's ability to obtain, on satisfactory terms, or at all, the capital required to maintain itself as a going concern;
- the risks associated with the increase in operating costs from additional research and development costs and increased staff;
- the Company's ability to attract and retain key personnel and key collaborators.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A. Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A. As required by applicable securities legislation, as a reporting issuer, it is the Company's policy to update forward-looking information in its periodic management discussions and analyses, as required from time to time, and provide updates on its activities to the public through the filing and dissemination of news releases and material change reports.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

NOVEL CORONAVIRUS (COVID-19)

Since March 2020, 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 physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. 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 the impact on the financial results and condition of the Company in future periods.

The extent to which the Company's operating and financial results are affected by COVID-19 will depend on various factors and consequences beyond its control such as the duration and scope of the pandemic; additional actions taken by business and government in response to the pandemic and the speed and effectiveness of response to combat the virus.

1. DESCRIPTION OF BUSINESS

Agriculture has always been at the centre of society. Our ability to grow crops in abundance meant that we settled in areas that offered the best growing conditions. Mary Agrotechnologies Inc. ("Mary AG" or the "Company") is an agricultural automation start-up that leverages vertically integrated hardware and sensors, with big data and machine learning to replicate those same ideal conditions in an artificially controlled environment. Each plant grows in optimized conditions with minimal human input, regardless of local weather, seasons or climates.

The Company was incorporated in Ontario, Canada, on October 12, 2017. The Company's head office is located at 115 Apple Creek Boulevard, Unit 3&4, Markham, Ontario, Canada, L3R 6C9. The Company's registered and records office address is 25 White Oak Crescent, Richmond Hill, Ontario, L4B 3R7.

The Company has developed a proprietary automation platform - numerous algorithms interconnected with each other – that allows various kinds of plants to grow adaptively to the hardware and environment the plants are in.

To provide the best value of the algorithms to growers, the Company has created two distinct product lines: (i) small-medium standalone growing systems for home growing ("grow boxes"); and (ii) commercial indoor vertical farms. Mary AG has applied for provisional patents relating to both the grow box and the commercial vertical farm.

Mary AG's flagship consumer product, the Mary Model Z (the "Model Z"), is an at-home grow box designed with the everyday consumer in mind. It has been developed specifically for growing cannabis and takes the guesswork out of the process allowing anybody to grow at home.

A grow box is a partially or completely enclosed system for growing plants indoors or in small areas. The Model Z is a sophisticated, automated and cost-effective grow box, which takes a "set it and forget it" approach with only minimal intervention (20-30 minutes a week) required by the user to refill nutrients and trim the plant. The enclosed hydroponic and lighting systems enable increased yields and quicker harvesting intervals than traditional growing methods.

Mary AG collects unidentifiable encrypted cultivation data from its Model Z units and utilizes machine learning and artificial intelligence to create more efficient growing systems and methods. The Company plans to apply this data to its larger vertical growing systems which will be used on a commercial scale to grow cannabis, hemp and general agriculture.

2. CORPORATE UPDATE

In November 2020, the Company completed an equity financing by issuing 1,666,667 common shares at a price of $0.36 per share for total gross proceeds of $600,000.

In November 2020, the Company completed an equity financing by issuing 2,574,800 common shares at a price of $0.46 per share for total gross proceeds of $1,184,408.

Business Objectives

For the financial year ending September 30, 2021, the primary objective business objectives for the Company are to:

(a) market, sell and ship Model Z in North America;
(b) continue to improve the automation platform;
(c) improve on the production cost of Model Z;
(d) refine technology and create further intellectual property;
(e) obtain equity financing to fund business development;
(f) go public, listing on the Canadian Security Exchange
(g) secure a vertical farm facility in China and processing equipment; and
(h) develop Mary AG's business and seek new business opportunities.

COVID 19 Impact on Our Operations and Financial Position

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Responses to the spread of COVID-19 resulted in a sudden decline in economic activity and a significant increase in economic uncertainty. Various vaccine approvals in Canada and around the world were announced recently, however, the economic environment remains volatile and challenging which may have adverse impacts the Company's operational results and financial position, including, but not limited to:

- Decline in product inventory level due to the delay in manufacturing and delivery of products;
- Increase in international shipping costs due to worldwide lockdown, which result in the increase of costs of revenue;
- Decline in revenue and cash flows as a result of an economic downturn.

The COVID-19 situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgments made by management in the preparation of this MD&A and our financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

3. OVERALL PERFORMANCE

The Company started to ship commercial units of Model Z in North America on July 1, 2020.

During the three months ended March 31, 2021, the Company generated sales revenue of $$24,185 as compared to $nil for the same period of the prior year.

During the six months ended March 31, 2021, the Company generated sales revenue of $51,600 as compared to $nil for the same period of the prior year.

Operating expenses were $359,658 for the three months ended March 31, 2021 as compared to $554,668 for the same period of the prior year. The decrease in operating expenses was mainly driven by the decrease in professional fees and research and development expenses, partially offset by the increase in wages and salaries, and stock-based compensation.

Operating expenses were $785,563 for the six months ended March 31, 2021 as compared to $748,879 for the same period of the prior year. The slightly increase in operating expenses was primarily driven by the increase in wages and salaries and stock-based compensation, offset by the decrease in professional fees.

Net losses were $270,364 for the three months ended March 31, 2021 as compared to $$551,902 for the same period of the prior year. The decrease in loss was driven by the decrease in operating expenses and government grants received that was recorded as other income.

Net losses were $707,442 for the six months ended March 31, 2021 as compared to $746,071 for the same period of the prior year. The decrease in loss was mainly due to government grants received that was recorded as other income.

Basic and diluted loss per share was $0.01 for the three months ended March 31, 2021 as compared to basic and diluted loss per share of $0.02 for the same period of the prior year. Basic and diluted loss per share was $0.02 for the six months ended March 31, 2021 as compared to basic and diluted loss per share of $0.03 for the same period of the prior year.

During the three and six months ended March 31, 2021 and 2020, the Company was mainly relied on the proceeds from equity financings to fund all its activities and meet its ongoing working capital requirements. In November 2020, the Company closed private placements for gross proceeds of $1,784,408 to fund its operations in fiscal year 2021.

4. DISCUSSION OF OPERATIONS

Revenue

During the three months ended March 31, 2021, the Company realized total revenue of $24,185 as compared to total revenue of $nil for the same period of the prior year. The sales revenue included $3,415 billed to customers for shipping, and shipping costs of $11,570 were charged to the cost of revenue for the three months ended March 31, 2021.

(All amounts expressed in Canadian dollars, unless otherwise stated)

During the six months ended March 31, 2021, the Company realized total revenue of $51,600 as compared to total revenue of $nil for the same period of the prior year. The sales revenue included $6,558 billed to customers for shipping, and shipping costs of $20,789 were charged to the cost of revenue for the six months ended March 31, 2021.

The gross margin for the three ended March 31, 2021 were negative $2,843 or negative 12% as compared to $nil for the same period of the prior year. The gross margin for the six months ended March 31, 2021 were negative $18,032 or negative 35% as compared to $nil for the same period of the prior year. The negative gross margin for the periods was primarily due to:

1. Intentionally lowered retail price for better market adoption;
2. Discounted pricing for "early bird" customers during the Company's 2018 crowdfunding campaign;
3. Shipping charges billed to customers were also intentionally lower than actual shipping costs;
4. Higher manufacturing cost in exchange for more flexible starting quantities and better payment terms.

During the three and six months ended March 31, 2021, the Company shipped 18 and 46 Model Z grow boxes respectively. Limited grow boxes were delivered to customers due to low inventory level, as the supply chain was impacted by Covid-19. The Company expects the supply will be improved starting June 2021 and intends to fulfill all of the "early bird" orders by the end of the fiscal year.

Operating expenses

The following is the breakdown of the operating expenses for the three and six months ended March 31, 2021 and 2020:

	Three months ended March 31,		Six months ended March 31,	
	2021	2020	2021	2020
Expenses	$	$	$	$
Professional fees	35,652	224,461	57,002	227,055
Amortization	17,806	9,225	36,479	15,300
Accretion	2,835	1,177	5,919	2,461
Marketing and advertising	10,778	18,524	21,233	23,185
Office and administrative	17,424	1,271	48,143	26,560
Research and development	7,908	140,905	35,065	203,063
Share-based compensation	83,490	16,454	208,786	27,668
Travel and entertainment	4,574	17,941	17,102	32,099
Wages and salaries	179,191	124,710	355,834	191,488
Total	**359,658**	**554,668**	**785,563**	**748,879**

Operating expenses were $359,658 for the three months ended March 31, 2021 as compared to $554,668 for the same period of the prior year. The decrease in operating expenses was mainly driven by the decrease in professional fees and research and development expenses, partially offset by the increase in wages and salaries, and stock-based compensation.

Operating expenses were $785,563 for the six months ended March 31, 2021 as compared to $748,879 for the same period of the prior year. The slightly increase in operating expenses was primarily driven by the increase in wages and salaries and stock-based compensation, offset by the decrease in professional fees.

Wages and salaries

For the three months ended March 31, 2021, wages and salaries expenses were $179,191 as compared to $124,710 for the same period of the prior year. The $54,481increase was due to increased employee benefits and a bonus payment.

For the six months ended March 31, 2021, wages and salaries expenses were $355,834 as compared to $191,488 for the same period of the prior year. The $164,346 increase was due to the Company hired more employees as a result of the commencement of commercial production and shipment of Model Z grow boxes, as well as increased employee benefits and bonus payments.

Share-based compensation

Share-based compensation is related to stock options granted to directors, officers, employees and consultants of the Company, as well earned-out shares issued to an employee.

For the three months ended March 31, 2021, the Company incurred share-based compensation expenses of $83,490 as compared to $16,454 for the same period of the prior year. For the six months ended March 31, 2021, the Company incurred share-based compensation expenses of $208,786 as compared to $27,668 for the same period of the prior year. The increase in share-based compensation for both periods was due to the increase in both total number and the fair values of the stock options granted.

Professional fees

Professional fees are primarily related to legal, accounting, and audit services.

For the three months ended March 31, 2021, the professional fees were $35,652 as compared to $224,461 for the same period of the prior year. As the Company has been seeking a listing on the Canadian Securities Exchange("CSE"), the professional fees for the three months ended March 31, 2020 included 893,846 shares issued for professional services for the listing that were valued at $223,461.

For the six months ended March 31, 2021, the Company incurred professional fees of $57,002 as compared to $227,055 for the same period of the prior year. As noted above, the professional fees for the six months ended March 31, 2020 included $223,461 for share issued for professional services related to the listing.

Amortization

Amortization are related to computers, office furniture and equipment, production equipment and right-of use assets.

Amortization expenses for the three months ended March 31, 2021 were $17,806 as compared to $9,225 for the same period of the prior year. Amortization expenses for the six months ended March 31, 2021 were $36,479 as compared to $15,300 for the same period of the prior year. The increase in amortization expenses was driven by warehouse expansion and additional production equipment acquired.

Research and development

Research and development expenses are primarily related to product testing and research.

For the three months ended March 31, 2021, the research and development expenses were $7,908 as compared to $140,905 for the same period of the prior year. For the six months ended March 31, 2021, the research and development expenses were $35,065 as compared to $203,063 for the same period of the prior year. The decrease in research and development expenses was due to reduction in research and development activities of Model Z grow box as the Company started commercial production of the grow boxes.

Accretion

Accretion expenses are related to interest expenses on lease liabilities.

For the three months ended March 31, 2021, the Company incurred $2,835 in accretion expenses as compared to $1,177 for the same period of the prior year. For the six months ended March 31, 2021, the Company incurred $5,919 in accretion expenses as compared to $2,461 for the same period of the prior year. In June 2020, the Company leased additional warehouse space, which resulted in the increase in accretion expenses.

Marketing and advertising

Marketing and advertising expenses are related to activities in promoting products, such as market studies, advertisement, social media launch and maintenance and creatives and contents for the website.

For the three months ended March 31, 2021, the Company incurred marketing and advertising expenses of $10,778 as compared to $18,524 for the same period of the prior year. For the six months ended March 31, 2021, the Company incurred marketing and advertising expenses of $21,233 as compared to $23,185 for the same period of the prior year. The Company reduced its marketing activities considering the Company had limited inventory because of the delay in production and shipment resulted from Covid-19 pandemic.

(All amounts expressed in Canadian dollars, unless otherwise stated)

Office and administrative

For the three months ended March 31, 2021, the office and administrative expenses incurred were $17,424 as compared to $1,271 for same period of the prior year. For the six months ended March 31, 2021, the Company incurred office and administrative expenses of $48,143 as compared to $26,560 for same period of the prior year. The increase in office and administrative expenses was mainly due to the application and filing fees related to the CSE listing.

Travel and entertainment

For the three months ended March 31, 2021, the Company incurred travel and entertainment expenses of $4,574 as compared to $17,941 for same period of the prior year. For the six months ended March 31, 2021, the Company incurred travel and entertainment expenses of $17,102 as compared to $32,099 for the six months ended March 31, 2020. The decrease in travel and entertainment expenses was resulted from travel bans imposed by the governments.

5. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following is a summary of selected financial data from the Company for the eight most recently completed quarters.

	For the quarters ended			
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	$	$	$	$
Revenue	24,185	27,415	85,211	-
Net Loss	(270,364)	(437,080)	(164,850)	(505,120)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	40,497,924	38,081,148	36,256,457	35,921,512

	For the quarters ended			
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	$	$	$	$
Revenue	-	-	-	-
Net Loss	(551,902)	(194,169)	(172,082)	(320,189)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	26,582,700	22,500,000	22,500,000	22,500,000

The Company's business is generally non-seasonal and is driven by transactions which do not have a seasonal pattern.

6. LIQUIDITY

(In Canadian dollars, except ratios)	March 31, 2021	September 30, 2020
Current ratio (1)	5.3 : 1.0	0.9 : 1.0
Cash and cash equivalent	1,344,009	144,731
Working capital (deficit) (2)	1,271,840	(14,555)

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities

Cash Position

The Company's cash balance was $1,344,009 as of March 31, 2021, representing an increase of $1,199,278 as compared to cash balance of $144,731 as at September 30, 2020. The increase in cash was mainly driven by cash proceeds of $1,784,408 from private placements closed in November 2020.

	Six months ended March 31, 2021	Six months ended March 31, 2020
	$	$
Cash used in operating activities	(546,444)	(649,807)
Cash used in investing activities	(27,486)	-
Cash provided by financing activities	1,773,208	637,025
Increase in cash and cash equivalents	1,199,278	(12,782)

The Company's operational activities during the three and six months ended March 31, 2021 were mainly financed by equity financing. As at March 31, 2021, the Company had current assets of $1,566,999 as compared to $256,491 as at September 30, 2020.

Working Capital

The Company had a working capital of $1,271,840 as at March 31, 2021 as compared to a working capital deficit of $14,555 as at September 30, 2020, representing an increase of working capital of $1,286,395. The increase in working capital for the six months ended March 31, 2021 was primarily due to the increase in cash and inventory.

(All amounts expressed in Canadian dollars, unless otherwise stated)

Contractual Obligation

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the significant remaining contracted maturities of the Company's financial liabilities and capital expenditures as at March 31, 2021:

		Due by period			
	Total	Less than one year	1 - 3 years	4 - 5 years	After 5 years
	$	$	$	$	$
Bank loans	60,000	-	60,000	-	-
Accounts payable and accruals	189,715	189,715	-	-	-
Lease obligation	133,153	55,130	78,023	-	-
Total	382,868	244,845	138,023	-	-

7. OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited shares without par value.

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding (1)	43,127,924
Stock options	2,120,000
Earn-out shares	250,500

(1) Included 2,630,000 shares issued on May 20, 2021, see Note 9 Subsequent events.

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and have been valued at the exchange amount of the services performed or consideration paid. Related party transactions not presented elsewhere are presented below.

- As at March 31, 2021, due to a related party comprises a payable of $5,786 (as at September 30, 2020 – $68,897) to the Chief Executive Officer ("CEO") of the Company, and the payable is unsecured, non-interest bearing, and due on demand.

Transactions with key management personnel:

(All amounts expressed in Canadian dollars, unless otherwise stated)

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of all executive officers and directors of the Company.

The compensation paid or payable to key management personnel during the three and six months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,		For the six months ended March 31,	
	2021	2020	2021	2020
	$	$	$	$
Salaries and short-term employee benefits	74,219	40,000	144,200	67,867
Share-based compensation	21,679	8,191	44,236	16,473
	95,898	48,191	188,436	84,340

9. SUBSEQUENT EVENTS

(a) On May 20, 2021, the Company commenced trading its common shares on the Canadian Securities Exchange ("CSE") under the ticker symbol "MARY".

(b) On May 20, 2021, the Company completed a private placement of 2,630,000 common shares at $0.50 per share for aggregate gross proceeds of $1,315,000. A finders' fee in the amount of $72,000 will be paid by the Company in conjunction with the completion of the private placement.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amount of financial assets and liabilities which approximate fair value are shown in the statement of financial position, are as follows:

	March 31, 2021 Carrying Amount	September 30, 2020 Carrying Amount
	$	$
Assets carried at amortized cost		
Cash and cash equivalent	1,344,009	144,731
	1,344,009	144,731
Liabilities carried at amortized cost		
Accounts payable and accrued liabilities	189,715	86,428
Lease obligation	133,153	158,434
Bank loans	60,000	40,000
Due to a related party	5,786	68,897
	388,654	353,759

The fair values of cash and cash equivalent, accounts payable and accrued liabilities (excluding taxes payable), bank loans and due to a related party approximated carrying values as at the reporting date due to the short-term maturities of these instruments. For lease obligation, fair value approximates their carrying value at the reporting date as the interest rates used to discount the host contracts approximate market rates.

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of these financial instruments.

The Company minimized credit risk associated with its cash balance substantially by dealing with a major financial institution that has been accorded a strong investment grade rating by a primary rating agency.

Other than cash, there are no other significant concentrations of credit risk within the Company.

Interest rate risk

Interest rate risk is the risk that fair value of the Company's interest-bearing investments will fluctuate due to changes in market interest rates.

As at March 31, 2021 and 2020, the Company did not have a significant exposure to interest rate risk, given that the Company's financial instruments are non-interest bearing.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with these liabilities. The Company retains sufficient cash to maintain liquidity.

Currency risk

Currency risk is the risk that the value of financial assets denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates.

All financial instruments are denominated in Canadian dollars, the functional currency of the Company. Therefore, the Company is not significantly exposed to currency risk as at March 31, 2021 and 2020.

11. CAPITAL RESOURCES

As at March 31, 2021, the Company had cash and cash equivalent of $1,344,009.

The Company requires capital to fund existing and future operations. The Company's policy is to maintain sufficient and appropriate levels of capital.

The Company's source of capital is mainly from equity financing. The Company does not presently utilize any quantitative measures to monitor its capital. The Company currently is not subject to externally imposed capital requirements. The capital management framework followed by the Company is designed to maintain the level of capital that will:

(a) Meet the Company's regulatory requirements;
(b) Fund current and future operations;
(c) Ensure that the Company is able to meet its financial obligations as they come due.

As at March 31, 2021, the Company had a working capital of $1,271,840 and has long term portion of lease obligation of $78,023 and loans payable of $60,000.

The Company's operations have been funded through equity financing, credit facilities and cash generated from operations and the Company expects it will continue to be able to utilize these sources to fund its operations through fiscal year 2021.

There can be no assurance that the Company will be successful in its endeavours. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

12. RISK AND UNCERTAINTIES

Negative Operating Cash Flows

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Reliance on Key Personnel and Advisors

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

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations.

Conflicts of Interest

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

13. OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet agreements as of March 31, 2021 or as of the date of this MD&A.

14. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the six months ended March 31, 2021, the COVID-19 had an impact on the global economy. The Company has taken into account of the impacts of COVID-19 and the unique circumstances it has created in making estimates, assumptions and judgements in the preparation of the consolidated financial statements. Actual results may differ from estimated amounts, and those differences may be material.

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, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

- Estimated useful life of property, plant and equipment – Depreciation of property and equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

- Share based compensation - In estimating fair value of options using the Black-Scholes option pricing model, management is required to make certain assumptions such as the expected life of options, volatility of the Company's future share price, risk free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results. In order to estimate volatility, the Company uses companies with similar characteristics that have prices quoted on an active exchange.

Significant accounting judgments

- The Company has projected fiscal year 2021 cash flows that are sufficient to cover its ongoing operating expenditures, meet its liabilities for the ensuing year. The future cash flows projection involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In addition, the Company's business could be significantly adversely affected by the effects of the recent outbreak of COVID-19.

- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

- The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available.

15. CONTROL AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company, including its consolidated subsidiaries, is made known to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

The Company's management are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the management, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

The Company's management do not expect that the Company's disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

16. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

No new and revised accounting standard was adopted by the Company for annual periods beginning on October 1, 2020.

A number of new standards, amendments to standards and interpretations are not yet effective for the six months ended March 31, 2021 and have not been applied in preparing these condensed interim consolidated financial statements. None of these pronouncements are expected to have material impact on the Company's consolidated financial statements.

17. Staff Notice 51-352 DISCLOSURE

The Company currently sells growing devices, and plans to engage in vertical farming of hemp in China. The growing devices can be used by consumers to grow cannabis in the United States.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. §811) (the "CSA"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, cannabis is largely regulated at the state level. State laws that permit and regulate the production, distribution, sale and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA, which makes cannabis cultivation, production of cannabis derived products, distribution, sale and use and possession illegal under U.S. federal law. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

While the Company does not believe its business is illegal under U.S. federal or state laws as it only sells growing devices to consumers in the United States, and the Company is not aware of any statements, guidance or regulatory actions taken by U.S. federal or state authorities on growing equipment manufacturers, there is no assurance that U.S. federal or state authorities will not take action to restrict the Company's ability to operate in the U.S.

Readers are cautioned that the Company has not sought United States legal advice or obtained legal opinions as to the legality of the Company's operations in the United States.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice ("DOJ") specific to cannabis enforcement in the United States. As a result, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law.

If the Department of Justice pursues prosecutions, then the Company could face: (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries; (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis; or (iii) barring employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of former President Donald Trump. Following Mr. Sessions' resignation, William Barr was sworn in as United States Attorney General. During his confirmation hearing on January 15, 2019, Mr. Barr pledged not to pursue marijuana companies that comply with state law. This pledge was made in writing, when responding to written questions from Senators: "As discussed in my hearing, I do not intend to go after parties who have complied with the state law in reliance on the Cole Memorandum". Moreover, in January of 2019, Mr. Barr, in a series of written responses to the Senate Judiciary Committee as a follow up to his confirmation hearing, stated his preference is that the "legislative process, rather than administrative guidance, is ultimately the right way to resolve whether and how to legalize marijuana." Mr. Barr's statements are not official declarations of the DOJ policy, are not binding on the DOJ, on any U.S. Attorney, or on the federal courts. In June 2020, a federal prosecutor accused Mr. Barr of ordering "politically motivated" antitrust reviews of 10 marijuana business mergers, allegedly because he personally did not support their underlying business in the marijuana industry. At least one of those investigations allegedly resulted in the collapse of a proposed merger between two large cannabis businesses. On December 14, 2020, former President Trump announced that Mr. Barr would be resigning from his post as Attorney General, effective December 23, 2020. On December 24, 2020, Jeffrey Rosen began serving as the Acting Attorney General of the United States. On January 7, 2021, then President-elect Joe Biden announced Judge Merrick Garland as his nomination for the next U.S. Attorney General. On January 20, 2021, Robert Wilkinson replaced Jeffrey Rosen as the Acting Attorney General of the United States while Judge Garland sought confirmation from the U.S. Senate. On March 10, 2021, the U.S. Senate confirmed Judge Garland's nomination and on March 11, 2021, Judge Garland was sworn in as United States Attorney General.

During his campaign, President Biden stated a policy goal to decriminalize possession of cannabis at the federal level, but he has not publicly supported the full legalization of cannabis. It is unclear what impact, if any, the new administration will have on U.S. federal government enforcement policy on cannabis. Nonetheless, there is no guarantee that the position of the Department of Justice will not change.

Certain U.S. states have legalized or decriminalized cannabis in some form or another. Of those states, there are over 15 which allow home cultivation for medical or recreational purposes. Generally, the states have restrictions on the number of plants a permit allows for or a household is allowed, which typically falls in the range of 4 to 12.

There is no guarantee that state laws legalizing, regulating and decriminalizing the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected. For the financial year ended September 30, 2020 and for the six months ended March 31, 2021, sales to the U.S. represented 43.58% and 45.68% of the Company's revenue respectively.

Although the Company can sell its growing devices to consumers who use them to grow other crops, the loss of the cannabis grower market in the U.S. would adversely impact the Company's revenues, market outlook, and access to both public and private capital, until such time as the Company is able to reposit its products and target customers who wish to grow other high value crops.

Since 2014, the United States Congress has passed appropriations bills which included provisions to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law (the "Rohrabacher-Leahy Amendment" but also referred to as the Joyce/Leahy Amendment, Leahy Amendment, Rohrabacher-Farr Amendment or the Rohrabacher-Blumenauer Amendment). On December 27, 2020, the amendment was included in and renewed through the signing of the 2021 Fiscal Year omnibus spending bill, effective through September 30, 2021. There can be no assurances that the Rohrabacher-Leahy Amendment will be included in future appropriations bills. If the Rohrabacher-Leahy Amendment is no longer in effect, the risk of federal enforcement and override of state marijuana laws would increase.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, on February 8, 2018 the Canadian Securities Administrators published a staff notice ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The Company is based in Canada but does sell its growing devices to the U.S, which potentially qualifies the Company as an "U.S. Marijuana Issuer with material ancillary involvement" for the purposes of Staff Notice 51-352.

The Company's objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Company. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current U.S. federal law, and the Company could face charges related to producing, cultivating, extracting, or dispensing cannabis, including aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

For these reasons, the Company's sales of its products into the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian and U.S. authorities.