MARY AGROTECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared as of April 22, 2021, and it presents management's analysis of the consolidated financial position and financial performance for the year ended September 30, 2020 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 audited financial statements of the Company for the years ended September 30, 2020 and 2019, including the notes contained therein. Except otherwise indicated, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless noted otherwise.

These 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, 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

- During the year ended September 30, 2020, the Company fulfilled and shipped 208 Model Z grow boxes to end customers.

- On December 11, 2019, the Company's wholly owned Hong Kong subsidiary, Mary Agrotechnologies Hong Kong Limited ("Mary HK") together with an arm's length party, Yunnan Xizhi Biotechnology Limited ("Yunnan Xizhi"), incorporated Yunnan Moquan Agrotechnologies Limited ("Yunnan Moquan") in the province of Yunnan, China. Yunnan Moquan was incorporated to obtain licenses to cultivate and process industrial hemp in China. Mary HK and Yunnan Xizhi own 75% and 25% of Yunnan Moquan respectively.

- In February 2020, the Company completed an equity financing of by issuing 3,800,900 common shares at $0.25 per share for total gross proceeds of $950,225. Upon the completion of the equity financing, all KISS investors converted KISS to the common shares of the Company in accordance with the amended KISS agreements, resulting totalling 7,882,531 shares issued.

- On April 24, 2020, Yunnan Moquan received a license to grow industrial hemp in Yunnan China, which will be the first application of its vertical growing technology. The license allows Mary AG to grow industrial hemp over a maximum area of 66 hectares (1000 mu). The Company is currently in the process of finding a suitable facility for which to set up its vertical farming operations for industrial hemp in China.

- On May 15, 2020, Yunnan Moquan received conditional approval (pre-license) to process industrial hemp in Yunnan, China. Currently, there are seven processing licenses issued by the government of Yunnan, which is the only province that has legalized the processing of industrial hemp.

- 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.

Strategic Accomplishments

During the year ended September 30, 2020, the company accomplished the following milestones:

- Further improved its Model Z grow box;
- Finished tooling of the Model Z grow box;
- Finished sourcing of key components of the Model Z;
- Launched commercial production of Model Z;

- Further improved the smartphone app that can monitor and control the unit virtually anywhere.

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 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 and generated total sales revenue of $85,211 during the three months ended September 30, 2020. During the nine months ended June 30, 2020, the Company fulfilled certain testing orders and collected the payment of $73,028 from users. The amount was recorded as recovery of research and development expenditures.

Operating expenses were $1,455,451 for the year ended September 30, 2020 as compared to $672,177 for the prior year. The increase in operating expenses during the year ended September 30, 2020 was primarily driven by the increase in research and development expenses, wages and salaries, professional fees, stock-based compensation and amortization expenses.

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

Net losses were $1,416,041 for the year ended September 30, 2020 as compared to $666,721 for the prior year. The increase in loss during the year ended September 30, 2020 was primarily due to the increase in operating expenses.

Basic and Diluted loss per share was $0.05 for the year ended September 30, 2020 as compared to $0.03 for the prior year as a result of increase in net loss.

During the years ended September 30, 2020 and 2019, the Company was mainly relied on the proceeds from the convertible notes and equity financing to fund all of its activities and meet its ongoing working capital requirements. Subsequent to the year ended September 30, 2020, the Company closed private placements for gross proceeds of $1,784,408 to fund its operations in fiscal year 2021.

4. SELECTED ANNUAL INFORMATION

In CAD$	Year ended September 30, 2020	Year ended September 30, 2019
	$	$
Revenue	85,211	-
Total Assets	555,973	384,635
Total Liabilities	417,419	1,234,109
Shareholders' Equity(deficiency)	138,554	(849,474)
Operating Expenses	1,455,451	672,177
Net Loss	(1,416,041)	(666,721)
Basic and Diluted Earnings (Loss) Per Share	(0.05)	(0.03)

5. DISCUSSION OF OPERATIONS

The Company incurred a net loss and comprehensive loss of $1,416,041 for the year ended September 30, 2020 (2019: $666,721). As at September 30, 2020, the Company's deficit was $2,339,143 (September 30, 2019: $923,102).

Revenue

During the year ended September 30, 2020, the Company realized revenue of $85,211 as compared to nil for the prior year. The Company started to ship commercial units of Model Z in North America on July 1, 2020 and generated total sales revenue of $85,211 during the three months ended September 30, 2020, the sales revenue included $4,202 billed to customers for shipping, and shipping costs of $20,241 were charged to the cost of revenue for the period.

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

The gross profit for the year ended September 30, 2020 was $903 or 1% as compared to nil for the prior year. The low gross profit 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 nine months ended June 30, 2020, the Company fulfilled certain testing orders and collected the payment of $73,028 from users. The amount was recorded as recovery of research and development expenditures.

The following is the breakdown of the operating expenses for the year ended September 30, 2020 and September 30, 2019:

	Year ended September 30, 2020	Year ended September 30, 2019
Expenses	$	$
Professional fees	246,619	18,013
Amortization	39,364	14,404
Accretion	6,862	1,875
Computer software	18,116	8,559
Marketing and advertising	36,968	66,778
Office and administrative	52,012	15,701
Research and development	460,388	386,823
Share-based compensation	125,356	23,647
Travel and entertainment	44,137	29,273
Wages and salaries	425,629	107,104
Total	**1,455,451**	**672,177**

Significant operating expenses for the year ended September 30, 2020 were mainly comprised of research and development of $460,388 (2019 – $386,823), wages and salaries of $425,629 (2019 - $107,104), and professional fees of $246,619 (2019 - $18,013).

Research and development

Research and development expenses are primarily related to product testing and research. The Company conducted extensive research and development activities in the year ended September 30, 2020 for progressing the grow box from a prototype version into commercial production. For the year ended September 30, 2020, the research and development expenses were $460,388 compared to $386,823 for the prior year. During the year ended September 30, 2020, the Company fulfilled certain testing orders and collected the payments of $73,028 (2019 - nil) from users. The amount was recorded as a recovery of research and development expenses. During the year ended September 30, 2020, the Company received assistance from government sources net of related costs in the amount of $164,395 (2019- nil), which was recorded as a reduction of research and development expenses.

Wages and salaries

For the year ended September 30, 2020, wages and salaries expenses increased to $425,629 from $107,104 for the year ended September 30, 2019. The Company hired more employees as a result of the commencement of commercial production and shipment of Model Z grow boxes.

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 year ended September 30, 2020, the Company incurred share-based compensation expenses of $125,356 including $13,168 related to earned-out shares as compared to $23,647 share-based compensation related stock-option granted for the prior year. The increase in share-based compensation was due to the increase in both the 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 year ended September 30, 2020, the Company incurred professional fees of $246,619 as compared to $18,013 for the prior year. As the Company has been seeking a listing on a Canadian stock exchange, the increase in professional fees were mainly related to professional services for the potential listing. 893,846 shares of the Company valued at $223,462 was issued for professional services during the year ended September 30, 2020.

Amortization

Amortization are related to computers, office furniture and equipment, production equipment and right-of use assets. For the year ended September 30, 2020, the Company incurred amortization expenses of $39,364 as compared to $14,404 for the prior year. The increase in amortization expenses was driven by expanded warehouse space and additions to production equipment.

Accretion

Accretion expenses are related to interest expenses on lease liabilities. For the year ended September 30, 2020, the Company incurred $6,862 in accretion expenses as compared to $1,875 for the prior year. In June 2020, the Company leased additional warehouse space, which resulted in the increase in accretion expenses.

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

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 year ended September 30, 2020, the Company incurred $36,968 in marketing and advertising expenses as compared to $66,778 for the prior year. The decrease in marketing and advertising expenses was due to the reduction in marking activities considering the Company had limited inventory because of the delay in production and delivery of grow boxes resulted from Covid-19 pandemic.

Office and administrative

For the year ended September 30, 2020, the Company incurred office and administrative expenses of $52,012 as compared to $15,701 for the prior year. The increase in office and administrative expenses was driven by expanded staffing and increased activities to support the launch of production units of the Model Z grow box.

Travel and entertainment

For the year ended September 30, 2020, the Company incurred travel and entertainment expenses of $44,137 as compared to $29,273 for the prior year. The increase in travel and entertainment expenses was driven by trips to manufacturers for key components sourcing and production supervision. Most of the travel and entertainment expenses was incurred before the travel and social distancing restrictions imposed in March 2020 due to Covid-19 pandemic.

6. 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			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	$	$	$	$
Revenue	85,211	-	-	-
Net Loss	(164,850)	(728,579)	(328,443)	(194,169)
Basic and diluted loss per share	(0.005)	(0.020)	(0.012)	(0.009)
Weighted average number of common shares outstanding – basic and diluted	36,256,457	35,921,512	26,582,700	22,500,000

	For the quarters ended			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	$	$	$	$
Revenue	-	-	-	-
Net Loss	(172,082)	(320,189)	(73,875)	(100,575)
Basic and diluted loss per share	(0.008)	(0.014)	(0.003)	(0.004)
Weighted average number of common shares outstanding – basic and diluted	22,500,000	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.

7. LIQUIDITY

(In Canadian dollars, except ratios)	September 30, 2020	September 30, 2019
Current ratio (1)	0.9: 1.0	1.7: 1.0
Cash and cash equivalent	144,731	261,049
Working capital(deficit) (2)	(14,555)	120,962

(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 $144,731 as at September 30, 2020, representing a decrease of $116,318 as compared to $261,049 as at September 30, 2019. The decrease in cash was mainly driven by payments for operating expenses offset by equity financing. Subsequent to the year ended September 30, 2020, the Company closed private placements for gross proceeds of $1,784,408 to fund its operations in fiscal year 2021.

	Year ended September 30, 2020	Year ended September 30, 2019
	$	$
Cash used in operating activities	(1,023,189)	(554,599)
Cash used in investing activities	(47,954)	(45,775)
Cash provided by financing activities	954,825	306,200
Net decrease in cash and cash equivalents	(116,318)	(294,174)

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

The Company's operational activities during the year ended September 30, 2020 were mainly financed by equity financing. As at September 30, 2020, the Company had current asset of $256,491 compared to $276,266 as at September 30, 2019.

Working Capital

The Company had a working capital deficit of $14,555 as compared to a working capital of $120,962 for the prior year, representing a decrease of working capital of $135,517. The decrease in working capital for the year ended September 30, 2020 was primarily due to the decrease in cash and cash equivalent.

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 September 30, 2020:

		Due by period			
	Total	Less than one year	1 - 3 years	4 - 5 years	After 5 years
	$	$	$	$	$
Bank loans	40,000	-	40,000	-	-
Accounts payable and accruals	86,428	86,428	-	-	-
Rental lease	158,434	52,061	106,373	-	-
Total	284,862	138,489	146,373	-	-

8. OUTSTANDING SHARE DATA

Under the Articles of the Company, the Company is authorized to issue unlimited shares with no par value.

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

	Balance
Shares issued and outstanding	40,497,924
Stock Options	2,120,000

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

9. 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.

a) As at September 30, 2020, due to a related party comprises a payable of $68,897 (2019 – nil) to the Chief Executive Officer ("CEO") of the Company, and the payable is unsecured, non-interest bearing, and due on demand.

b) As at September 30, 2020, due from a related party comprises a receivable of nil (2019 - $420) due from the CEO of the Company.

Transactions with key management personnel:

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 year ended September 30, 2020 and September 30, 2019 were as follows:

	For the Year ended September 30, 2020	For the Year ended September 30, 2019
	$	$
Salaries and short-term employee benefits	143,867	77,727
Share-based compensation	34,399	23,647

10. RESULT OF THE FOURTH QUARTER (UNAUDITED)

	Three months ended September 30, 2020	Three months ended September 30, 2019
	$	$
Revenue	85,211	-
Net Loss	(164,850)	(172,082)
Basic and diluted loss per share	(0.005)	(0.008)
Weighted average number of common shares outstanding – basic and diluted	36,256,457	22,500,000

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

11. SUBSEQUENT EVENTS

(a) 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.

(b) 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.

12. 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:

	September 30, 2020 Carrying Amount	September 30, 2019 Carrying Amount
	$	$
Assets carried at amortized cost		
Cash and cash equivalent	144,731	261,049
Due from a related party	-	420
	144,731	261,469
Liabilities carried at amortized cost		
Accounts payable and accrued liabilities	86,428	8,475
Lease obligation	158,434	65,974
Bank loans	40,000	-
Due to a related party	68,897	-
Liabilities carried at FVTPL		
Convertible notes	-	1,035,000
	353,759	1.109.449

The fair values of cash and cash equivalent, due from a related party, accounts payable and accrued liabilities (excluding taxes payable), 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 September 30, 2020 and 2019, 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 September 30, 2020 and 2019.

13. CAPITAL RESOURCES

As at September 30, 2020, the Company had cash and cash equivalent of $144,731.

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 September 30, 2020, the Company had an working capital deficit of $14,555 and has long term portion of lease obligation of $106,373 and loans payable of $40,000.

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.

14. RISK AND UNCERTAINTIES

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.

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.

15. OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet agreements as at September 30, 2020 or as of the date of this MD&A.

16. 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 year ended September 30, 2020, 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 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.

- Research and development expenditures. - 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. If, after expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

17. 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.

18. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The following new and revised accounting standard, along with any consequential amendments was adopted by the Company for annual periods beginning on or after October 1, 2019.

Amendments to IFRS 3, Business Combinations, improve the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

Definition of Material (Amendments to IAS 1, Presentation of Financial Statements, "IAS 1" and to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors "IAS 8") is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

The amendments listed above did not have a significant impact on the Company's consolidated financial statements.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2020 and have not been applied in preparing these consolidated financial statements. None of these pronouncements are expected to have material impact on the Company's consolidated financial statements.