HARRYS MANUFACTURING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2020

The following Management's Discussion and Analysis ("MD&A") is dated June 26, 2020 and should be read in conjunction with the condensed interim consolidated financial statements of Harrys Manufacturing Inc. ("Harrys" or the "Company") for the three and nine months ended April 30, 2020.

FORWARD-LOOKING INFORMATION

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

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

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

DESCRIPTION OF BUSINESS

Harrys was incorporated under the laws of the Province of British Columbia in 2007. Since inception, the Company has been focused on the acquisition, evaluation and exploration of mineral resource properties. In 2012, the Company focused its exploration activities on the Mount Sicker property in the south-eastern area of Vancouver Island, B.C. The Company also acquired an option to acquire certain concessions in the United Mexican States known as the Charay Project. However, in 2013, the Company allowed the leases on the properties to lapse. As a result, the Company was currently pursuing investment opportunities. The Company formerly traded on the TSX Venture Exchange but was relegated to the NEX Exchange. On October 17, 2017, the Company requested that its shares be voluntarily delisted from the NEX Exchange and commenced trading on the Canadian Securities Exchange under the stock symbol WST.

On May 4, 2017, the Company entered into an option agreement with Intact Gold Corp. ("Intact") to acquire a 100% right, title and interest in and to those certain mineral claims comprising the Black Jack Gold Property (the "Agreement"), located in the townships of Kirkup and Manross in the Kenora mining division of Ontario, approximately 20 km south east of the city of Kenora, (the "Property"). Pursuant to the Agreement, the Company was granted the sole and exclusive right and option (the "Option") to acquire a 100% right, title and interest in the Property. In fiscal 2018 Harrys decided not to exercise the Option and has abandoned the mineral property claim.

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

On January 22, 2018, the Company entered into a Share Exchange Agreement with HIMI. Pursuant to the agreement, the Company agreed to acquire all of the issued and outstanding shares of HIMI in exchange for the issuance of 28,500,100 shares of common stock of the Company to the shareholders of HIMI. The Acquisition closed on October 4,

2018. On October 4, 2018, the Company also changed its name from Westridge Resources Inc. to Harrys Manufacturing Inc. On October 17, 2018 the Company shares commenced trading on the CSE under the symbol “HARY”.

Tobacco Cigarette Sales

The Company initially focused its efforts on tobacco cigarette sales to international customers, specifically to take advantage of referrals and existing relationships previously established by HIMI management. However, over the past 18 months the international market has become increasingly challenging with not only the long standing dominance of large tobacco companies but many cheap, lower quality cigarette brands being manufactured in China and India, making it difficult to compete. During this period, several opportunities fell through due to Harrys inability to match or beat pricing, as well as a large pilot project opportunity to supply a division of the military in China with a premium quality Canadian brand cigarettes, that suddenly stalled. The Company believes this was due to China changing policies to restrict purchases of certain Canadian goods.

The Company has switched its efforts to focus on tobacco sales in Canada. Last year Health Canada announced that it will be introducing new plain packaging regulations in 2020 on Tobacco products sold in Canada. The new regulations prohibit brand colors, graphics and logos on packages, making all packaging identical other than the product name, which has to be displayed in identical font. Harrys management saw this as an opportune time to enter the Canadian market and started inquiring into all the necessary requirements, guidelines, steps and whether it could even gain access to the distributors and retail markets in Canada to generate sales. The North American market is predominantly dominated by the big three or four tobacco companies, and up until recently was difficult to brand a new product in the Canadian market.

Management announced on December 19, 2019 that it signed an independent sales agreement with Altabac Inc. & Ken Storey who has over 35 years’ experience in the North American tobacco industry. Through this relationship and Altabac’s connections to distributors and retail chains in Canada and the elimination of any branding on packaging, management felt confident 2020 would be ideal timing to enter the Canadian tobacco cigarette market, as a premium value brand product.

Recently the Company submitted an application to the Canada Revenue Agency and the BC Ministry of Finance, to sell tobacco cigarette products in Canada and operate a distribution warehouse facility in Abbotsford, BC. While the Company cannot guarantee if or when it will ultimately receive approval, it is optimistic that approval will be obtained in the foreseeable future.

Reader Guidance

The Company’s financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. At April 30, 2020, the Company had an accumulated deficit of $22,337,479 since inception (July 31, 2019 - $21,314,463), and net working capital of $171,648 (July 31, 2019 - $303,435).

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

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

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

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

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

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Three Months Ended April 30, 2020	Three Months Ended January 31, 2020	Three Months Ended October 31, 2019	Three Months Ended July 31, 2019
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Loss for the period	(193,878)	(526,241)	(302,896)	(12,276,109)
Loss per share – basic & diluted	(0.00)	(0.01)	(0.00)	(0.17)
Total assets	1,410,343	895,154	1,148,244	1,346,245

	Three Months Ended April 30, 2019	Three Months Ended January 31, 2019	Three Months Ended October 31, 2018	Three Months Ended July 31, 2018
Revenue	$ 7,500	$ Nil	$ Nil	$ Nil
Loss for the period	(273,893)	(1,352,364)	(170,427)	(2,750)
Loss per share – basic & diluted	(0.00)	(0.02)	(0.00)	(0.00)
Total assets	13,467,604	13,692,530	13,935,551	4,086,502

Fluctuations in the Company's expenditures reflect the variations in the timing of general operations, and the ability of the Company to raise capital for its projects, including share-based payments during certain quarters. No additional funds are required for the production of tobacco cigarettes destined for sale outside of Canada, as the Company requires a 50% deposit upon receipt of all purchase orders, which covers the cost of production. The 50% balance is paid prior to shipping of the finished products. For any future tobacco cigarette sales in Canada the Company will rely on existing funds to cover the cost of manufacturing and the cost of the required Federal Excise Tax stamps, prior to receiving payment from its Canadian wholesale distributor.

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

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

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

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

Net loss increased during the three month period ended October 31, 2019, over the three months October 31, 2018 as a result of increased share-based payments during the three months October 31, 2019.

RESULTS OF OPERATIONS

Three months ended April 30, 2020 and 2019:

Operating expenses of $128,605 for the three months ended April 30, 2020 decreased as compared to $196,271 in 2019. Significant expenses during the three months ended April 30, 2020 were consulting fees of $50,400 (2019 - $12,000), management fees of $38,550 (2019 - $38,550), office and administrative of $27,132 (2019 - $28,781), professional fees of $5,194 (2019 - $14,105), transfer agent and filing fees of $3,756 (2019 - $6,367) and salaries and wages of $nil (2019 - $96,468).

During the three months ended April 30, 2020, the Company had a decrease in operating expenses mainly as a result of a decrease in salaries and wages. This was partially offset by an increase in consulting fees.

Nine months ended April 30, 2020 and 2019:

Operating expenses of $840,671 for the nine months ended April 30, 2020 decreased as compared to $1,630,569 in 2019. Significant expenses during the nine months ended April 30, 2020 were consulting fees of $151,200 (2019 - $46,000), management fees of $114,150 (2019 - $109,650), share-based payments of $390,638 (2019 - $1,012,995), office and administrative of $87,737 (2019 - $53,810), professional fees of $57,865 (2019 - $61,105), transfer agent and filing fees of $31,720 (2019 - $36,811) and salaries and wages of $nil (2019 - $306,198).

During the nine months ended April 30, 2020, the Company had a decrease in operating expenses mainly as a result of a decrease in share-based payments and salaries and wages. This was partially offset by an increase in consulting fees and office expenses. The increase in consulting and office expenses was the result of the inclusion of HIMI's operations for the full nine months ended April 30, 2020. During the nine months ended April 30, 2019, HIMI's operations were only included from the date of acquisition on October 4, 2018 to April 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended April 30, 2020, the Company's working capital decreased from $303,435 at July 31, 2019 to working capital of $171,648 at April 30, 2020. The decrease was a result of a decrease in cash from $526,682 on July 31, 2019 to $371,080 on April 30, 2020 offset by a decrease in accounts payable and accrued liabilities from $29,767 at July 31, 2019 to $1,731 at April 30, 2020.

During the nine months ended April 30, 2020, net cash used in operations was $479,106 (2019 - $876,144), net cash used in investing activities was $120,621 (2019 – cash provided by investing activities of $18,549).

Investing activities during the nine months ended April 30, 2019, was the result of $18,549 cash acquired upon the acquisition of HIMI. Investing activities during the nine months ended April 30, 2020, was the result of the purchase of $120,621 of property and equipment.

The Company received cash of $444,125 from financing activities during the nine months ended April 30, 2020 (2019 - $10,000). During the nine months ended April 30, 2020, the Company received proceeds from the issuance of common shares of $450,000 and spent cash of $5,875 of lease repayments. During the nine months ended April 30, 2019, the Company received proceeds from the exercise of stock options of $10,000.

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

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

BUSINESS RISKS

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

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

- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligations and liabilities as they fall due;
- obtaining timely regulatory approvals;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labor disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfilment of contractual purchase orders, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and,
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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

CHANGE IN ACCOUNTING POLICY AND NEW ACCOUNTING STANDARDS

Please refer to Note 3 and 4 of the Company's condensed interim consolidated financial statements for changes in accounting policy and new accounting standards.

FINANCIAL INSTRUMENTS

Financial assets are classified as amortized cost in accordance with IFRS 9. Financial liabilities are classified as amortized cost in accordance with IFRS 9.

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

RISKS

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

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

The Company is exposed to the following risks:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to this risk is on its receivables. The Company also has minimal risk relating to a small amount of refundable sales taxes.

(b) Liquidity risk

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

As at April 30, 2020, the Company's liabilities consisted of accounts payable and accrued liabilities of $1,731 and wages payable of $200,187. The Company's cash was $371,080 at April 30, 2020 and was sufficient to pay these liabilities.

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

(c) Market risk

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

(i) Foreign currency exchange risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of six months or less and are therefore exposed to interest rate fluctuations on renewal. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

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

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company incurred key management compensation as follows:

Nine months ended April 30,	2020	2019
Management fees accrued or paid to current CEO, CFO and directors	$ 114,150	$ 109,650
Salary accrued or paid to officers and directors	$ -	$ 193,136

On April 1, 2020, the Company entered into a lease agreement with a company controlled by the President of the Company's family. Refer to Note 10 of the financial statements.

During the nine months ended April 30, 2020, the Company received a $66,884 loan from the President of the Company. As of April 30, 2020, the Company repaid the loan and $1,338 of interest.

On January 16, 2020, the Company granted 500,000 stock options exercisable at $0.16 per share for five years after the date of grant to the CFO of the Company.

Wages Payable

As at April 30, 2020, $148,793 (July 31, 2019 - $148,793) in wages payable and $1,500 (July 31, 2019 - $nil) in accounts payable is outstanding in relation to transactions with related parties, which are non-interest bearing, unsecured and due on demand.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data as at June 27, 2020:

Total common shares	77,191,358
Total outstanding warrants	18,244,737
Total outstanding stock options	3,740,000
Total diluted common shares	99,176,095

CONTROLS AND PROCEDURES

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

ADDITIONAL INFORMATION

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