

POKO Innovations Inc

(Formerly Brunswick Resources Inc. (BRU.H))

Management's Discussion and Analysis

Poko Innovations Discussion and analysis as at September 30, 2021

Poko Innovations Inc.

Management's Discussion & Analysis

Interim Period ended September 30, 2021

INTRODUCTION

Poko Innovations Inc. “**POKO**” closed the private placement and commenced trading on the CSE August 19th 2021. The following Management's Discussion and Analysis (“MD&A”) comments on the consolidated financial condition and results of operations of Poko Innovations Inc. for the three month period ended September 30, 2021.

This will help the reader to assess material changes in our financial position and operating results for the interim period ended September 30, 2021. Poko Innovations Inc. (“the Company” or “Poko”) was incorporated on August 10, 2021. This MD&A complies with Rule 51-102A of the Canadian Securities Administrators on continuous disclosure management's point of view on the Company's ongoing activities as well as an outlook of the activities planned for the coming months and also elaborates on its financial results and risks that may impact the activities of the Company. This MD&A is based on the financial statements of the reverse takeover acquirer. This MD&A is the first MD&A required to be filed for the consolidated companies following the date of the reverse takeover. See "Overview of reverse acquisition" below.

The effective date of this MD&A is October 1st 2021, and approved by the Board of Directors on November 16th, 2021, should be read in conjunction with the condensed interim consolidated unaudited financial statements of Poko Innovations Inc. for the interim period ended September 30, 2021 and audited financial statements of Poko Group Ltd for the period ended 30th June 2021 together with the accompanying notes that form part of the statements.

The Company's condensed interim consolidated financial statements for the year period ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

All amounts are expressed in Canadian dollars unless otherwise stated. References to notes are with reference to the condensed interim consolidated financial statements.

Unless the context otherwise required, all references to "Poko" , "Company", "our", "us", "we" refers to Poko Innovations Inc. as consolidated with its subsidiaries. Further information about the Company, its properties, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain of the information contained in this document may contain “forward-looking statements”. Forward-looking statements may include, among others, statements regarding the Company’s future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this document, words such as “may”, “would”, “could”, “will”, “likely”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate” and similar words and the negative form thereof are used to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events and are subject to known or unknown risks,

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uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described under the headings in this MD&A and could cause actual events or results to differ materially from those projected in any forward-looking statements. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this MD&A to reflect subsequent information, events or circumstances or otherwise, except if required by applicable law.

OVERVIEW OF REVERSE ACQUISITION

On August 19, 2021, the Company completed its previously announced RTO with Brunswick Resources. Poko received approval from the TSX Venture Exchange (the "TSXV") to voluntarily delist its common shares from the TSXV at the close of business on August 12, 2021. Poko commenced trading on the CSE on August 19, 2021 under the symbol "**POKO**".

Further in connection with the Transaction, the Company issued an aggregate of 1,700,000 Common Shares at a deemed price of \$0.11 per Common Shares to certain arm's length creditors to satisfy indebtedness in the amount of \$187,000.

The Company also closed a non-brokered private placement of 7,729,635 Common Shares at a price of \$0.11 per Common Share for gross proceeds of \$850,260 (the "**Concurrent Private Placement**"). Common Shares issued to purchasers under the Concurrent Private Placement were sold on a private placement basis pursuant to the "accredited investor" and minimum investment exemptions under *National Instrument 45-106 – Prospectus Exemptions*.

With the completion of the Transaction and the Concurrent Private Placement, the Company has 77,949,017 Common Shares issued and outstanding on an undiluted basis. The principals of the Company indirectly hold an aggregate of 59,090,909 Common Shares by virtue of their interest in Cannmed, representing 75.8% of the issued and outstanding Common Shares, and those 59,090,909 Common Shares are subject to an escrow agreement pursuant to the policies of the CSE

BUSINESS OVERVIEW

Company Description & overview

Poko Innovations Inc. in the 6 weeks since the closing of the private placement has been focused on planning and implementing the marketing strategies for the Christmas period of 2021 & expanding distribution and sales in 2022 to scale the business assets. Poko Innovations, Inc. is an award-winning international UK based integrated company with a robust portfolio of CBD brands, a financial services platform, LumiPay, a range of consumer brands and a roster of marketing and media sites.

The business is broken into independent units that work together to leverage their strengths:

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Poko comprises of four segments:

- **Consumer Brands:**
Poko is the group's flagship award winning skincare brand, www.pokocbd.co.uk
Canndid brings fun, affordable and easy to use CBD products to the markets www.canndid.co.uk
- **Fintech Platform:**
Lumipay is an easily-integrated payment platform gateway service www.lumi-pay.com
- **News and Media Sites:**
The Extract is a B2B news and media sites www.theextract.co.uk
Candid Magazine, a B2C culture magazine www.candidmagazine.com
- **White labelling Service:**
Cannmed Products brings together several vetted, compliant CBD manufacturing companies
www.cannmedproducts.com

Poko also has several related business activities under development and expects to launch them in 2022.

Strategic Report

In response to the easing of Covid restriction, which has opened the UK and EU markets in the second half of 2021, the company has made the decision to focus its resources on its consumer brands. This focus is on signing agreements with large distribution channels in the UK, Ireland and Germany. Management believes Influencer marketing will be key to success in this area, with brand awareness being a key factor, the company intends to target high profile ambassadors to back the brands and become stakeholders in Poko.

The company has invested large amounts of resources into the consumer brands, R&D, certification, trademarks, branding and digital assets. Post Covid restrictions, the company has been working to re-launch both its B2C branded products Poko Skincare and Canndid, it's CBD lifestyle brand, into the UK, German and Irish markets. The company believes we have the necessary assets to become a leading consumer brand in the UK & European markets.

The company is also in negotiations to agree joint ventures with certain suppliers and manufacturers to further reduce our cost base, resulting in greater margins for Poko consumer products and the flexibility to negotiate on price with the distribution hubs in the UK.

If the company completes the distribution deals, currently in progress, management believes the consumer brands will secure strong revenue streams due to the anticipated high LTV of the customers, the company will then move to focus its resources on its fintech and marketplace platforms in 2022.

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Growth Strategy

The Company plans to continue the development of its business by increasing its brand awareness through influencer marketing, advertising and trade events, increasing the distribution channels, and strengthening its relationship with existing customers. Key growth strategies include:

- Acquisition or Joint Ventures with production facilities to reduce product costs.
- Lower costs allowing attractive and profitable agreements with distribution networks.
- Increased brand visibility through partnerships with high profile influencers and stockists.
- Increasing market penetration in the UK & EU.
- Expansion in the continuing education of CBD to marketplace.

The company has industry events booked and planned for October 2021 to March 2022 in both Germany and the UK to promote the whitelabel and B2C brands owned by Poko.

Novel Foods Licence - RP296

Poko edible products have applied for novel foods sub-licence under RP296. The manufacturer licence application was accepted and is moving through the initial stages of inspection. This means Poko can continue to sell and supply into the UK market while waiting for approval. Novel foods listing is a requirement on suppliers from April 1st 2021, it is expected Novel Foods legislation will see a large reduction in the number of approved suppliers to the market in 2022.

INDUSTRY TREND

Brightfield reports that Covid put substantial downward pressure on CBD sales due to retail closures and budgetary priorities. It also outlined that Novel Foods would provide a viable pathway for companies to enter the supplements markets; it predicts 2021-2022 will see a greater consolidation and clearer picture of long term players.

There was a 26% growth in sales in the latest Brightfield report between 2018 and 2019 with Germany and the UK the largest European sales by country in 2019. Sales were driven predominately by mainstream channels including retail and pharmacy stores. It also states that Germany and the UK are expected to see the highest growth through to 2025 with cosmetics highlighted as a key growth area due to the exclusion from Novel Foods licencing.

Novel foods licencing came into force in March 2021 in the UK and is in the process of being enforced in the EU. Poko has its Novel Food Application under RP296 which has passed the initial stages of inspection. It is reported that over 70% of Novel Foods applications have been rejected by the UK in the initial inspection period.

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The 2021 Midyear US CBD report from Brightfield reports CBD sales are rebounding after an initial setback from Covid restrictions. GW Pharmaceuticals Epidiolex more than doubled from Q4 2019 to Q4 2020. The pharma CBD market is expected to grow to 4 times its current size by 2026.

Source: Brightfield Report - a) [European CBD April 2020](https://global-uploads.webflow.com/596691afde3c5856d866ae50/5eac5953f43e86593dd9c49b_5ea21e36b6a15e511e5caae6_Europe%20CBD%20Report_VF423.pdf) Brightfield Report b) [2021 Midyear CBD Report](https://global-uploads.webflow.com/596691afde3c5856d866ae50/60a435c1c6ae658ec90d0db3_Q221_US%20CBD_Mid-Year_Report-FINAL.pdf)

a) https://global-uploads.webflow.com/596691afde3c5856d866ae50/5eac5953f43e86593dd9c49b_5ea21e36b6a15e511e5caae6_Europe%20CBD%20Report_VF423.pdf

b) https://global-uploads.webflow.com/596691afde3c5856d866ae50/60a435c1c6ae658ec90d0db3_Q221_US%20CBD_Mid-Year_Report-FINAL.pdf

BOARD OF DIRECTOR CHANGES

Following the transaction described in the overview of reverse acquisition, on August 18th, 2021, all the board members were replaced and the board of directors is now composed of the following:

- David Hughes, President, CEO and Director
- Michael Porter, Chairman
- Justine O'Hanlon, Secretary and COO
- Simon Painter, Director
- Tim Henley, Director
- Alex Leigh, Director

OVERALL PERFORMANCE

For the interim period ended September 30, 2021 the Company has been focused on introducing its consumer brands to new retail channels, it has been listed by online and bricks and mortar chains and generated \$72,072 of revenues which is due from commission payments for LumiPay its financial services division and its CBD products, the company will continue to build its distribution network with the resources raised by the private placement. The LTV of each store will help Poko revenues grow in a sustainable manner.

The company's expansion had been restricted by the environment created by Covid and resulted in lower revenues than anticipated for the quarter ending September 30th 2021. This is in most part due to a halt on new brands being stocked in pharmacies and retail outlets across the UK & Ireland. The majority of restrictions have been lifted in the UK since 19th July and have been easing across the EU in late 2021, giving more access to meetings with buyers, the ability to attend trade shows, industry events and booking influencers.

Since the lifting of restrictions, the company has been in a position to sell into the distribution networks where until recently buyers had limited the number of new non-essential products they onboard.

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Discussions with a number of large distribution networks are ongoing with the aim to increase the availability of Poko B2C products into the markets in January to March 2022.

The company continues to benefit indirectly from EU Covid government support throughout this time, which is expected to continue to March 2022. This allows the company the time to build out the sales team and distribution networks with minimal effect on cash raised.

The main expense of the finished consumer products Canndid is the payments made to suppliers for the products and raw material costs. The company is in discussions to negotiate joint ventures with the production partners to reduce product costs per unit and make the manufacturing plants more vested in the company.

Since the Company's business and personnel changed with the Company becoming public, new costs were incurred. Those new costs included share based payments that were incurred for the issuance of options to board members, consultants and employees of the Company. In addition to this, all the fees related to regulatory authorities are part of those new costs. Finally, in order to respect all the regulations of the public market, the Company had engaged higher professional fees than the ones at the same period in 2020.

Following the transaction, discussed in the overview of reverse acquisition section, \$4.3M of cost of public listing have been recorded. Those costs are not considered as usual costs for the Company and they should not be considered in the current activities and profitability of the Company. Those costs were recorded only as a result of the reverse acquisition.

At the closing of the transaction, loans totalling \$187,000 were converted into 1,700,000 post consolidation common shares at \$0.11 per share

The Company reported a loss of \$4,913,347, Cash flow used in operating activities and listing fees for the three month period ended September 30, 2021 was \$290,093.

SELECTED FINANCIAL INFORMATION

The company has financial resources to be used on sales and marketing after the completion of the private placement and listing to the CSE. This is in line with expectations, management is focused on the promotion of its brands across multiple distribution channels. One off listing expenses of the RTO are outlined below and are not expected to affect the progress of the company going forward into 2022.

POKO INNOVATIONS INC.
(Formerly BRUNSWICK RESOURCES INC.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR
THE THREE-MONTH PERIOD ENDED SEPTEMBER 30TH 2021
(Unaudited and not reviewed by the Company's auditors)

	Note	Period ended September 30 th 2021 CAD\$ (Unaudited)	Period ended Jun 30 th 2021 CAD\$ (Audited)
CONTINUING OPERATIONS			
Revenue		72,072	165,893
Cost of sales		<u>(72,072)</u>	<u>(165,893)</u>
Gross profit/loss		<u>-</u>	<u>-</u>
Administrative expenses		(120,144)	(64,254)
Share based payments	11	(396,000)	-
Listing costs	2	<u>(4,375,270)</u>	<u>-</u>
Loss before interest and tax		(4,891,414)	(64,254)
Interest		(21,933)	-
Tax charge for the period		<u>-</u>	<u>-</u>
Net Loss and comprehensive loss for the financial period		<u>(4,913,347)</u>	<u>(64,254)</u>

We have to consider some factors to explain this figure. First of all, the Company recorded a cost of public listing of approximately \$4,375,270 these are not usual costs to the company, the listing costs which arise solely from the RTO is non-recurring.

Also, a non recurrent expense for share-based payments has been recorded for an amount of \$396,000 relating to the issuance of options to the board members, some consultants and employees. If we are not considering those two elements, net **income/loss** of the Company would have been \$142,077.

The current operations of the Company do not require a complex administrative structure and it currently has no employees. The Company's principal subcontractor is responsible for the marketing, sales and general running of the company and the company has a contract in place for cost plus 10%. Some costs have been subsidized by government grants during the Covid restrictions.

The largest costs to date have been absorbed in the RTO and management believe the present running costs are manageable with the existing cash on hand.

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	Note	At September 30 th 2021 CAD\$ (Unaudited)	At June 30 th 2021 CAD\$ (Audited)
ASSETS			
CURRENT ASSETS			
Cash		599,112	-
Stock	7	76,404	-
Trade and other receivables	8	52,778	8,750
		<u>728,294</u>	<u>8,750</u>
NON CURRENT ASSETS			
Other intangible assets	6	<u>2,441,667</u>	<u>2,505,922</u>
TOTAL ASSETS		<u>3,169,961</u>	<u>2,514,672</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	<u>229,302</u>	<u>8,748</u>
Total Liabilities		<u>229,302</u>	<u>8,748</u>
EQUITY			
Share capital	10	7,522,260	2,570,178
Contributed surplus	11	396,000	-
Retained earnings		<u>(4,977,601)</u>	<u>(64,254)</u>
TOTAL EQUITY		<u>2,940,659</u>	<u>2,505,924</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u>3,169,961</u>	<u>2,514,672</u>

Business Product Awards

On April 28th Poko won Silver for Best Eye Cream Treatment and won Best Natural Product for its Correcting Eye Cream at the Beauty Bible. The Beauty Bible Awards is a very prestigious awarding body in the UK as they do not use popular vote or pricing tiers to award brands. They send products to a selection of real world women, who use the products over the course of 6 months and use a marking system to award the products points based on their criteria, it allows independent boutique brands the opportunity to test themselves against household names, like Clarins and Weleda.

Poko has also been shortlisted for the Your Healthy Living 2022 Best CBD Product for its Luxury Facial Oil, with voting based on public opinion and opened through the months of July-September. The Winners will be announced in December 2021. Your Healthy Living is an independent Health & Wellness Magazine, distributed to health and food stores across the UK.

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New Skincare Products for B2C Poko Range

During this time Poko received delivery of its expanded skincare range and submitted them all for COA testing, which resulted in Zero THC being present. The company has sent out several PR packs of the expanded line to top Influencers in ROI & the UK, with the intention of partnering with 3-4 large influencers to represent the brand for its planned full launch in January 2022, pending full easing of COVID restrictions.

The new line includes:

- AHA Exfoliating Treatment
- Azelaic Acid Spot Gel
- Purifying Gel Cleanser
- Brightening Rosewater Toner
- Light Hydrating Moisturiser
- Hempsoriasis Balm

The new line expands on the existing range to be able to provide our customers with a full Poko routine, creating the start of full skincare routines for specific skin types and conditions, making it easier for consumers to find a range that works for their individual needs.

In addition to this Poko will discontinue its Ultra Hydrating Moisturiser, due to the more effective and better received Light Hydrating Moisturiser being produced in its place, with this lightweight formula providing a solution for oilier skin types.

Supply Chain issues

The company is looking to increase the amount of product available for distributions in the UK and EU to be able to meet any large orders from distributors. The global supply chain issues have affected our ability to source additional packaging, this has delayed the increase in stock levels. The company is working with alternatives based in the UK, EU and China to overcome the issue. We are currently in early discussions with large Departments stores and Leading Chain Pharmacies, such as Lloyds and Boots in the UK and Ireland, however we have had to delay the potential stocking dates until we have fixed the supply chain issue to meet their demand. We have been working with suppliers and have set up an SOP for handling delays and believe that this issue will be fully resolved by Q1 2022, and there will be no further disruptions to the supply chain, fully being able to meet demand for large distribution orders.

The raw materials and bulk products for the skincare and lifestyle products are not affected.

Stocked in Arnotts (owned by Canadian group Selfridges Retail Limited) Christmas Market

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In July 2021 the company took part in Pitch '21, held by Arnotts, which is the leading luxury Department Store in Ireland and is owned by Canadian group Selfridges Retail Limited, with its skincare range. While Poko did not win the event, we were contacted in September '21 and asked to join the store for their 2021 Christmas Markets, selling Poko Gift Sets for an 8 week period.

We have accepted, and have started production of our Christmas Gift Set range, which will be used throughout October -November as an onboarding point for new stockists during the gifting season and will be available in stores and online from mid October. Arnotts will also provide positive marketing opportunities to increase brand visibility and awareness and provide confidence to additional new stockists looking to bring new brands into their supply chain.

Poko will be launching 4 Gift sets which will continue to be available after the holiday season:

- Hydration Duo Skincare Gift Set
- Timeless Skincare Gift Set
- Essentials Skincare Gift Set
- Glow-up Skincare Gift Set

Subsequent Events

- a) Poko attended it's first event post-COVID as Cannmed White Labelling, The White Label Expo in Frankfurt 12th-13th October. This is an industry event that is focused on position exhibitors in front of buyers and distribution networks. Leading from this we are in discussions to expand Poko & Cannid B2C brands to the German market through a distribution network with 40 boutique wellness stores.
- b) Nov. 5th Poko's Soothing Serum was shortlisted for the Super Serum Category in the Beauty Awards with ASOS, ASOS is the leading online marketplace for skincare & fashion in the UK & ROI. Voting is now open until 14th January 2022 and winners will be announced at a star studded event hosted in London on 22 Feb 2022. Having been shortlisted Poko now gets to provide it's product to their event goodie bag which goes directly into the hands of 250 celebs, beauty buyers, editors and influencers.
- c) Poko's Luxury Facial Oil has won Gold for Your Healthy Living for Best CBD Product, this will officially be announced in their awards ceremony on 1st Dec 2022.
- d) Poko signs Partnership deal with top wellness influencer and retired professional athlete Rob Kearney. The initial year fee was paid with 75% of the agreed compensation in equity as a signing bonus and 25% as a cash payment. The deal will be carried out over a period of 2 years, with the option to extend and includes a comprehensive marketing and event calendar and product launches throughout 2022-23. The announcement will be officially released Nov. 24th 2021 with the official partnership commencing from Dec 1st 2021.
- e) Poko attended the Balance Festival in Shoreditch, London 12th - 14th Nov. This unique event allowed the Poko team to get directly in front of its customers and receive real time feedback and insights into their consumers for Cannid and Poko Skincare. It also provided us an opportunity to

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- meet like minded businesses and leaders in the wellness space to expand connections and discuss potential partnerships for 2022 to increase accessibility and visibility for Poko's B2C brands.
- f) Poko received its first distribution order for the French markets for Canndid CBD pouches and gummies.
 - g) Poko listing approved for its skincare range with Alphagreen, a marketplace that specializes in legal cannabis-derived products, alternative healthcare products, and innovative and functional supplements that are centred on supporting your cognitive and physical wellbeing, and Mellowstore, one of the UKs leading CBD & wellness marketplaces, in November.
 - h) Poko signs stockists agreements in 45 independent Health stores and pharmacies across Ireland, such as Pure Pharmacy and Mulligans, with discussions in place for streamlining and scaling the onboarding process in 2022.

Share Options

The Company has issued incentive options to certain directors, officers, and consultants of the Company. As of the date of this report, the following share options were outstanding.

	As at September 30th 2021	Exercise Price
Share Options issued	3,600,000	11c

Going Concern

The interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue to advance its position as an ecosystem will be through various means including but not limited to equity financing.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for the financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, and the classifications used in the statements of financial position.

RESULTS OF OPERATIONS

The company has focused on onboarding the consumer brands into retail outlets, streamlining the process and preparing to scale in Q4 2021 and Q1 2022.

The company has increased its level of stock and will continue to do so in anticipation of demand, the company is actively sourcing additional supplies to meet expected demands.

6. STOCK

	<u>At 30th September 2021</u>	<u>At 30th June 2021</u>
	<u>CAD\$</u>	<u>CAD\$</u>
<u>Stock</u>	<u>76,404</u>	=
	<hr/> <u>76,404</u> <hr/>	=

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity depends on existing cash reserves, supplemented as necessary by equity and/or equity financings. The company has started to onboard the product range into retail chains in Europe and online platforms. The company is looking to increase the percentage of liquidity through revenue in the coming quarters.

COMMITMENTS AND CONTINGENCIES

As of the date of this MD&A, the Company has the below commitments or contingencies.

- ASOS awards which will be held 22 Feb 2022. We must provide 250 of our Soothing Serum products to be included in the celeb goodie bags. Approx. value \$3,000
- April 22nd-23rd 2022, The CBD Show London, Cannmed and Canndid to attend. \$4252.15
- November 6th-7th 2022, Professional Beauty HJ Ireland Show in Citywest, Dublin, Poko Skincare to attend - \$6,645.66
- March 2nd-3rd March 2022, White Label Expo London, Cannmed to attend. \$10,000
- 1,000 of each Poko Product ordered with Cosmiko for delivery Nov - Jan 2022 in phases

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Related parties include the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

ORH Marketing & Cannmed Products Ltd (David Hughes is the ultimate controlling partner and beneficial owner or both) - The company pays to ORH Marketing for staff working on Poko plus expenses. The agreement is based on a cost plus 10% or to the value of sales whichever is the lesser. This has helped Poko to keep costs manageable during the restrictions of Covid. ORH is in receipt of government Covid support.

During the period, the company made purchases from Cannmed Products Limited Group totaling CAD\$134,490. Amounts due to the Cannmed Products Limited Group at September 30th 2021 was CAD\$134,490.

RISK MANAGEMENT

The main risks and uncertainties relating to the company's business are exchange risk and credit risk. Each of these is considered below:

Exchange Risk:

The Company operates internationally and holds the currencies in GBP, Canadian dollars and Euro. They manage the risk of fluctuations with their bankers, AIB Bank Plc.

Credit Risk:

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's cash is held at reputable financial institutions with high external credit ratings. It is Management's opinion that the Company is not exposed to significant credit risk.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk assessments are carried out for every client and for every prospective client. Recommendations are identified for managing credit risk and accounts receivable balances are closely monitored, issues are identified on a timely basis and appropriate corrective action taken as required.

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The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company.

The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

INHERENT RISK FACTORS

You should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company. The Company's operating and financial condition could be harmed due to any of the following risks.

Operating History

Poko Group assets have been built over the period 2018 to 2021. The management team is skilled in brand creation and e-commerce. The assets were created based on that knowledge learned working with clients in Australia, UK, Canada, Brazil and the US. Even though Poko Innovations Inc. was recently incorporated there is considerable management experience behind the group. It is however still subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. A return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations in conjunction with an experienced management team.

Covid-19

Covid-19 has delayed the growth and development of many companies across the globe and Poko Group is subject to similar potential risks. The governments in Ireland and the UK have many supports in place to help companies through these times, including grants towards staff costs of €205-350 weekly per staff member. The rate at which new products are added to stores remains slower during Covid and affects our assets distribution networks, like the skincare range, but the volume of online transactions open up opportunities for our assets, like LumiPay.

Competition

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Poko Group will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources than Poko. Increased competition by larger and better financed competitors could materially and adversely affect the proposed business, financial condition and results of operations of Poko.

Difficult to Forecast

Detailed sales forecasts are not generally obtainable from sources at this early stage. The UK & Germany have been identified as having the largest CBD market in Europe and reported to be the highest growth regions in Europe through to 2025. The financial services industry which is served by LumiPay is part of a global payment processing solution, market size is expected to grow from USD 74.4 billion in 2020 to USD 120.7 billion by 2025, at a CAGR of 10.2% during the forecast period.

Product Liability

Poko uses 3rd party UK certified facilities for the manufacture of products and does not involve itself in the manufacture or production so as to minimize the potential risk. If licensed as a distributor of products designed to be ingested by humans, Poko faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. The Corporation may be subject to various product liability claims, including, among others, that its products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Poko could result in increased costs, could adversely affect Pokos' reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Poko. There can be no assurances that Poko will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Pokos' potential products.

Product Recalls

Poko products, such as the skin care range, have been made in partnership with UK GMP certified facilities, all of the CBD ingredients have a certificate of analysis (COA's) and are registered with the EU cosmetics portal.

In the unlikely event any of pokos' products are recalled due to an alleged product defect or for any other reason, poko could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention.

Brexit

The majority of the initial clients are UK based and the manufacturing base is in the UK, this means Brexit

Poko Innovations Inc.

Management's Discussion & Analysis

Interim Period ended September 30, 2021

will have a limited effect on existing clients and may be a barrier to entry for competitors. Stock is also held in the EU and movement of any additional stock required can easily be shipped between the UK and EU.

GEOGRAPHIC FOCUS

Management believes that the UK and EU market is the most lucrative target market at present but will keep an open mind to Canada and the USA if the opportunity arose and was approved by the board. Brexit is less of a factor as the manufacturing and supply partners are also UK based.

LIMITATIONS OF CONTROLS AND PROCEDURES

Management, including the CEO and COO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

MANAGEMENT CONCLUSION

Poko Groups management believe that the we have successfully set up the companies assets and have received positive feedback from consumers and stockists in initial launch. The marketing initiatives set up for Q4 of 2021 and Q1 of 2022 will boost brand visibility and business success through the use of the raised funds. Having resolved supply chain issues, and awaiting the increased production line delivery at the end of Q4 2022 Poko believes we will be in a secure position to be able to meet demand and supply into our distribution networks based on the demand created from marketing efforts and awards coverage. The company is also currently building out its sales division and has seen an increase in stockists since bringing these team members on board late September, with more stores willing to bring in new brands and products post-COVID in the New Year, we are confident that Poko will be available throughout Germany, Ireland and the UK, increasing accessibility by end of Q2 2022. While Poko does still consider COVID a risk factor, with new variants and potential lockdowns possibly in the pipeline, we want to assure you we will do all in our power to grow the Poko Group and create a strong international company for you, the investors, us, the management and the board of directors.