

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*  
*Date: May 30, 2022*

<b>Table of Contents</b>	<b>Page No</b>
Forward-looking information	3
Business of the Corporation	5
Industry Trend	10
Growth Strategy	10
Overall Performance	11
General Corporate Affairs	13
Financial Condition	14
Selected financial information for the 6 months ended December 31, 2021	15
Summary of Quarterly Results	19
Results of Operation for the quarter ended December 31, 2021	20
Liquidity and Capital Resources	21
Off-Balance Sheet Arrangements	22
Transactions with Related Parties	22
Critical Accounting Estimates and Accounting Policies	23
Controls and Procedures Over Financial Reporting	24
Disclosure of outstanding share data	25
Business risks	26

## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE COMPANY’S FINANCIAL CONDITION AND RESULTS OF OPERATIONS – AMENDED AND RESTATED**

*This amended and restated management discussion and analysis (“MD&A”) of Poko Innovations Inc. (“Poko”, or “the Company”, or “the Corporation”) follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.*

*The following MD&A is a narrative explanation, through the eyes of the management of Poko, on how the Company performed during the three-month period ended December 31, 2021. It includes a review of the Company’s financial condition and a review of operations for the three-month period ended December 31, 2021. Since the Company had no operations during the same quarter last year, no comparative figures have been provided herein.*

*This MD&A complements the unaudited condensed consolidated financial statements for the three-month period ended December 31, 2021 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the amended and restated unaudited consolidated financial statements as at December 31, 2021 and related notes thereto.*

*The amended and restated unaudited condensed consolidated financial statements for the 6 months ended December 31, 2021 and the year ended June 30, 2021 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standard Board (“IASB”), applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2021. On May 30, 2022, the Board of Directors approved, for issuance, the annual consolidated financial statements and this MD&A.*

*All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Poko are listed on the Canadian Stock Exchange (“CSE”) under the symbol “POKO”.*

### **READER ADVISORY**

*This MD&A contains certain forward looking statements and forward looking information (collectively referred to herein as “forward looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this MD&A may contain forward looking statements relating to future opportunities, business strategies and competitive advantages.*

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**

*6 months ended December 31, 2021*

*The forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, the actual results of exploration and development projects being equivalent to or better than estimated results in technical reports or prior activities, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company considers these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.*

*By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward looking statements, including among other things: inability of the Company to continue meeting the listing requirements of stock exchanges and other regulatory requirements, general economic and market factors, including business competition, changes in government regulations or in tax laws; general political and social uncertainties; commodity prices; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the CBD industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, affecting the Company; timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, along with the Company's annual information form, all of which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Readers are cautioned that the foregoing list is not exhaustive.*

*The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.*

## **Overview of Business**

### **Business of the Corporation**

Poko Innovations Inc. has been focused on planning and implementing the marketing strategies for its B2C brands with a focus on being listed by large UK distribution networks & expanding distribution and sales in 2022 to scale the revenues. 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.

Poko is made up of a group of CBD-focused companies, which when working together form a vertically integrated business; from advertising and media to lead generation for white labelling services to offering a marketplace platform and a payment gateway to process all monies. Poko has developed an integrated CBD sale and marketing platform and a white labeling turnkey solution, along with offering CBD-based skincare and other products.

The following are areas in which Poko is focused:

- LumiPay works with multiple acquiring banks to aim to get clients the best online transaction rate for their industry. LumiPay agrees to fees and rates with clients for their online e-commerce transactions and links these clients with one of their partner banks, which processes the online transactions and gives LumiPay a share of the profits.
- acting as a Business-to-business (B2B) whitelabel CBD brand;
- providing a Business-to-consumer (B2C) marketplace to facilitate suppliers in selling their products; and
- developing a U.K. and EU organic audience and consumer base through the media Poko controls to funnel customers to both businesses and consumers.

### **The Poko Ecosystem:**

Poko is comprised of the following business units, which work together to provide a CBD ecosystem for Poko's customers:

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

- **LumiPay:** LumiPay is the trade name for Poko’s CBD-friendly and high-risk tolerant, payment processing service marketed to businesses with e-commerce needs. LumiPay operates through a profit-sharing model by signing-up its e-commerce clients with its banking partners at certain agreed upon fees and rates while having a profit sharing agreement with such banks. LumiPay has agreements with three banks with varying degrees of profit share. See “Principal Products and Services of Poko - Payments Gateway” for additional information. LumiPay caters to all industries and is currently expanding its client base. LumiPay was created with Poko’s board member Alex Leigh, who has previously successfully co-founded a mainstream payment processing company. Poko’s preferential rates allow Poko to compete on price if and when needed.
- **The Extract:** The Extract offers a B2B focused online news and media space to discuss changes within the CBD and cannabis industry, company spotlights and event coverage. The Extract’s largest audience base is the UK, followed by the US. As part of the Poko Group ecosystem, its main aim is to provide lead generation for the raw materials and marketplace sites. The Extract has gained authority in this space and is relied on by new and existing CBD businesses, therefore Poko can use this funnel to collect data and send leads to its other services; whitelabelling, marketplace platform & financial services.
- **Candid Magazine:** A lifestyle focused e-zine. Its purpose is lead generation and support for the other assets in the group. Candid Magazine offers a B2C lifestyle and culture magazine focused on the avid CBD and Cannabis user discussing lifestyle focused products, CBD celebrity news and cultural events. Candid’s largest audience base is the US, followed by the UK. It’s main purpose is to provide data intelligence on consumer behaviour and provide leads for our B2C focused brands; Poko & Canndid.
- **CBD Village:** One of the main e-commerce revenue drivers for the Cannmed Marketplace. CBD Village has been a product review site for a few years giving it authority with rankings, in 2020 it was converted to an e-commerce site to generate revenue from the traffic. CBD Village has a wide audience base of customers new to CBD or existing CBD users that want to access a range of CBD products.
- **Social Channel Network:** Besides growing its own brand pages, the Poko Group also acquired and built large audiences on non-CBD focused pages such as YogaBurnsSuccess on Instagram, choosing audiences which still crosses over with the community Poko wants to reach. These non-brand focused channels are marketing tools which can be used to boost any of the assets in the Poko group or to carry out industry insights.
- **Cannmed Products:** Cannmed Products is a wholesale premium white labelling and raw materials supplier in the UK which brings together several vetted, compliant CBD manufacturing companies, providing start-ups and established businesses moving to the CBD scene a trusted one-stop location for their product creation. Cannmed Products will act as a continuous source of revenue. Poko leverages its educational sites, media sites, review and B2B sites and its supply averages for its white labelling segment. Cannmed will also list on the Marketplace platform as a

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

supplier for wholesale.

- **Cannmed Marketplace:** Marketplace technology and licence which gives the Poko group the technological capability of scaling to tens of thousands of suppliers and handling millions of orders. It allows creation of a virtual storefront and allows products to be chosen from the supply feed. This allows individuals to create an e-commerce store and link to live inventory with a few simple clicks. With the clients and suppliers to be paid on a scheduled basis less any commissions. The marketplace is being reviewed as the company looks to focus its resources.
- **Poko Skincare:** A B2C skincare brand. Poko’s goal is to deliver the best in holistic skincare by combining the innovation of cannabidiol with tried-and-tested skin loving ingredients, like Aloe Vera. Its Skin Improvement niche is focused on Acne, Rosacea, Eczema & Psoriasis. CBD is renowned for helping other active ingredients work better. Poko skincare was created in anticipation of the EU legalization of CBD cosmetics, which happened February 2021.
- **Canndid:** Canndid Products is Poko’s second B2C brand, offering an easy, tasty and fun way to introduce CBD to consumers and providing trustworthy, quality CBD for affordable prices. Canndid uses only naturally-grown hemp that has been cultivated in the EU. This means it has EU seed to sale certification and is in line with EU regulations. Canndid currently offers a range of Tinctures, Gummies, Softgels, Pouches & hot beverages.

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

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The Company’s shares are currently traded on the Canadian Securities Exchange (“CSE”) under the symbol “POKO”.

## **History**

Poko was incorporated on September 29, 2020 was 100% owned by Canmed Products Limited (UK) (“Canmed”), and acquired the Cannmed Assets from Canmed under the Asset Purchase Agreement on December 31, 2020.

In 2018, ORH, a subsidiary of Canmed, began investing in building a group of assets for Canmed in the media, financial technology and CBD industries, having seen the positive trend in the CBD industry in Europe. Poko acquired these assets from Canmed with the intention of scaling them into a successful business unit. The assets acquired by Poko Group Ltd has been summarized in the previous section under the heading “Poko Ecosystem”. For further details please refer the Listing Statement (CSE Form 2A).

Poko Group Limited is a company limited by shares incorporated in the United Kingdom and registered in England. The company’s registered office address is 27 Old Gloucester Street, London, WC1N 3AX. Its

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

registered number is 12912620. The company was incorporated on 29th September 2020.

**Significant Acquisitions:**

On December 31, 2020, Poko entered into the Asset Purchase Agreement with ORH and Cannmed, pursuant to which Poko purchased from Cannmed its portfolio of assets from Cannmed, including the domains, trademarks, licences and intellectual property rights relating to CBD Village, Vapor Blog, Candid Magazine, The Extract, certain social media accounts, the Poko skincare range, the Cannmed Wholesale and white label business, the Cannmed Marketplace and LumiPay (together, the “Cannmed Assets”), for the issuance of 1,231,517 Poko shares at a deemed price of \$2.087 per Poko Share for the aggregate purchase price of \$2,570,265. The Asset Purchase Agreement was a related party transaction as David Hughes is the controlling shareholder of Cannmed and ORH.

Pursuant to the terms of the Asset Purchase Agreement, Cannmed is to provide certain support services to Poko until April 1, 2021, to be billed at cost plus 10% for staff wages and taxes. In May 2021, Poko and ORH entered into an agreement pursuant to which ORH agreed to continue to provide support services on the same terms as under the Asset Purchase Agreement on a month to month basis.

**Reverse Takeover (the “Transaction”)**

Poko Group Ltd. (UK), a company incorporated in the UK was 100% owned by Canmed Products Limited (UK) (“Canmed”). A listed company in Canada, Brunswick Resources Inc. (“Brunswick”) and Canmed entered into an arrangement of reverse takeover whereby

- a) Brunswick would be rechristened as Poko Innovations Inc.
- b) Poko Innovations Inc. would acquire 100% of the shares of Poko Group Ltd. UK.

Pursuant to the terms of a share exchange agreement dated effective August 13, 2021 (the “Share Exchange Agreement”), the Company acquired all of the issued and outstanding ordinary shares of Poko Group Limited from the sole shareholder of Poko Group Limited, Cannmed Products Limited (“Cannmed”), in exchange for the issuance to Cannmed of 59,090,909 post-Consolidation (as hereinafter defined) common shares in the capital of the Company, resulting in Poko Group Limited becoming a wholly owned subsidiary of the Company. In connection with the Transaction, the Company completed a consolidation (the “Consolidation”) on the basis of five (5) pre-Consolidation Common Shares to one (1) post-Consolidation common share (each post-Consolidation common share, a “Common Share”). 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. Under the provisions of IFRIC 19, the Company also recorded a loss on extinguishing the debt for \$4,009.

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”). With the completion of the Transaction and the Concurrent Private Placement, the Company has 77,949,017 Common



**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

Shares issued and outstanding on an undiluted basis. Additional information is available in the Company's listing statement dated August 13, 2021 (the "Listing Statement"), available under the Company's profile on [www.sedar.com](http://www.sedar.com).

Although the Transaction resulted in Poko Group Limited becoming a wholly-owned subsidiary of the Company, the Transaction constitutes a reverse acquisition of the Company in-as-much as the former shareholders of Poko Group Limited own a substantial majority of the issued and outstanding common shares of the resulting corporation. For accounting purposes, Poko Group Limited is considered the accounting acquirer and the Company the accounting acquiree. As Company did not meet the definition of a business under guidance from IFRS 3, the reverse acquisition does not constitute a business combination and accordingly, the reverse acquisition has been accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment".

As Poko Group Limited is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the condensed consolidated interim financial statements at their historical carrying value. The Company's results of operations are included from the date of the transaction onwards.

The value of the consideration paid was determined based on the fair value of the net assets of the Company acquired on August 13, 2021, which was computed as \$1,115,838 as follows:

The fair value of the common shares was estimated to be \$1,017,332 based on 9,248,473 common shares of the Company at a fair value of \$0.11 per share, based on the fair value of shares issued in the concurrent private placement completed as part of the reverse acquisition.

	\$
Fair Value of 9,428,473 common shares of the Company @\$0.11	1,017,332
Legal Fees	98,506
<b>Total Consideration</b>	<b>1,115,838</b>
<b>Net Assets acquired</b>	
Bank Balance	54205
Taxes receivable	15,192
Prepaid Expenses	5,000
Accounts payable and accrued liabilities	(222,093)
Provision for penalties	(62,671)
Due to directors	(760)
Loan with interest	(165,067)
<b>Total</b>	<b>(376,194)</b>
<b>Listing Costs</b>	<b>1,492,032</b>

## **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 licensing.

Novel foods licensing 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.

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](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](https://global-uploads.webflow.com/596691afde3c5856d866ae50/60a435c1c6ae658ec90d0db3_Q221_US%20CBD_Mid-Year_Report-FINAL.pdf)
- <https://businesscann.com/frustrated-uk-cbd-sector-still-waiting-for-clarity-with-three-quarters-of-novel-food-applications-having-now-failed/>

## **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.

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

- Expansion in the continuing education of CBD for use in driving traffic to company sites.

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 -**

Poko edible products have applied for novel foods sub-licence. 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.

**Utilisation of funds**

The Company raised \$850,260 pursuant to a private placement in August 2021. The Company in its Listing Statement had indicated a proposed utilization of funds & estimates of usage as follows:

<b>Principal Purpose</b>	<b>Budget</b>	<b>Utilisation of funds till December 31, 2021</b>
Legal and Professional fees	\$75,000	\$85,922
General and administrative costs estimated for operating next twelve months	\$385,000	\$32,124
Launch of Poko Skincare & Canndid in major distribution centres	\$30,000	\$37,894
Launch of Poko Skincare & Canndid in large department store chain	\$60,000	\$35,100
Expand client base of LumiPay	\$40,000	\$7,200
Marketplace launch	\$90,000	\$10,349
Expand customer base of white label segment, Cannmed Products	\$30,000	\$16,149
<b>Total Expenses</b>	<b>\$710,000</b>	<b>\$224,808</b>

**Overall Performance**

For the interim period ended December 31, 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 \$112,183 of revenues compared to \$72,072 of revenues the previous quarter 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.

Due to the uncertainty around new Covid variants, the company has still faced difficulty in expanding into retail outlets and pharmacies, with many buyers not taking on new brands and non-essential products at this time. However, with buyers beginning to open their calendars and scheduling meetings, the company is confident that these outlets will be open to stocking new brands and products from January 2022. With most

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

restrictions being lifted from January 2022 in the UK & Ireland, Poko is confident all scheduled trade shows and industry events will go ahead.

In December 2021 Poko signed a deal with its first large distribution network in the UK, Blazed Wholesale and is in ongoing discussions with a number of large distribution networks across the UK & Ireland. The aim is to increase the availability of Poko B2C products into the markets. With products currently in the listing process with Blazed Wholesale, Poko will launch across its network in 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 ongoing 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.

In response to the uncertainty around the easing of Covid restriction, which has seen the opening and closing of the UK and EU markets across 2021 in response to different variants, 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 signed a high-profile ambassador partnership to back the brands and become stakeholders in Poko, Rob Kearney & his wife Jess Redden.

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 it has the necessary assets to become a leading consumer brand in the UK & European markets.

During the quarter ending December 30, 2021 The company entered into and agreements or began negotiations with certain key 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.

## General Corporate Affairs

Since its incorporation on September 29, 2020, the Corporation has not generated cash flow from its operations and has incurred certain operating losses.

The Company’s shares are currently traded on the Canadian Securities Exchange (“CSE”) under the symbol “POKO”.

The Company also has a 100% subsidiary, Poko Innovation Ltd., registered in Ireland.

The board of directors of the Company consists of :

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

### **Business Product Awards**

On April 28th Poko won Silver for Best Eye Cream Treatment and won Best Natural Product for it’s 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.

### **New Skincare Products for B2C Poko Range**

During this time Poko received delivery of it’s 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 it’s 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

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

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. The Company is currently in early discussions with large Departments stores and Leading Chain Pharmacies, such as Lloyds and Boots in the UK and Ireland, however, the Company had had to delay the potential stocking dates until we have fixed the supply chain issue to meet their demand. The Company has 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**

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, the Company was contacted in September '21 and asked to join the store for their 2021 Christmas Markets, selling Poko Gift Sets for an 8 week period.

The Company has 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

**Financial Condition**

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

Selected financial information for the 6 months ended December 31, 2021

The following selected financial information is derived from our unaudited financial statements for each of the respective periods.

	<i>6 months ended Dec 30, 2021</i>	<i>6 months ended Dec 30, 2020</i>
	\$	\$
Revenue	182,603	-
Cost of sales	(139,629)	-
<b>Gross profit / (loss)</b>	<b>42,974</b>	-
<b>Operating expenses</b>		
Share-based compensation	416,402	-
Professional fees	106,692	-
Marketing and promotion	85,992	-
General expenses	32,124	-
Filing fees	19,604	-
<b>Listing costs</b>	<b>1,492,032</b>	-
<b>Amortisation</b>	<b>128,508</b>	-
<b>Loss on conversion of debt</b>	<b>65,509</b>	-
<b>Net loss and comprehensive loss for the year</b>	<b>2,429,013</b>	-
<b>Weighted average no of Shares</b>	<b>62,170,031</b>	-
<b>Basic and diluted loss per share (Note 10)</b>	<b>0.04</b>	-

The Company did not have any operations during the corresponding period during the previous year. Hence no comparisons have been provided herein.

	<i>As at December 31, 2021</i>	<i>As at June 30, 2021</i>
	\$	\$
Cash and cash equivalents (Note 6)	375,789	-
Stock	133,728	-
Trade and other receivables	370,405	8,750
Intangible assets	2,377,414	2,505,922
Accounts payable and accrued liabilities	284,529	8,748
Common Shares (Note 8)	4,932,270	2,570,178
Contributed surplus	416,402	-
Deficit	(2,375,864)	(64,254)

	6 months ended	
	December 31, 2021	August 31, 2020
	\$	\$
Cashflows used by Operating Activities	(528,676)	-
Cashflows used by Investing Activities	54,205	-
Cash flows from Financing Activities	850,260	-
Increase / (Decrease) in cash and cash equivalents	375,789	-
Cash and cash equivalents, beginning of the period	-	-
Cash and cash equivalents, end of the period	375,789	-

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

Selected financial information for the 6 months ended December 31, 2021 (Continued)

The basic and diluted loss per share during the six months ended December 31, 2021 is \$0.04. During the six months ended December 31, 2021 the Company realized a net income and comprehensive loss of \$2,429,013. The main reasons behind the increase are explained later in this note.

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements. In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended. The Unaudited Consolidated Financial Statement for the six months ended December 31, 2021 indicates Cash and Cash Equivalents of \$375,789 (June 30, 2021: Nil); Stock of \$133,728 (June 30, 2021: Nil) and Trade and other receivables of \$370,405 (June 30, 2021: \$8,750) resulting in total current assets of \$879,922, an increase of \$871,172 from June 30, 2021 balance of \$8,750. The intangible assets are estimated at \$2,377,414 which is a decrease of \$128,508 from June 30, 2021 balance of \$2,505,922. The total assets are \$3,257,336 which is an increase of \$742,664 from June 30, 2021 balance of \$2,514,672.

The Company's current liabilities at December 31, 2021 are its trade and other payables of \$284,529 which is an increase of \$275,781 from June 30, 2021 balance of \$8,748. Equity attributable to shareholders of the Company is \$2,972,807, an increase of \$466,833 from June 30, 2021 balance of \$2,505,924, and is comprised of share capital of \$4,932,270 (June 30, 2021: \$2,570,178), Contributed surplus of \$416,402 (June 30, 2021: \$Nil), less the deficit of \$2,375,864 (June 30, 2021: \$64,254).

The key movements in the Assets and Liabilities are as follows:

- a) The cash in the Company increased by \$375,789, during the year as explained under "Cash Flows" below;
- b) The movements in current assets and current liabilities are as follows:



**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

	As at December 31, 2021	As at June 30, 2021
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	375,789	-
Accounts receivable	93,027	8,748
Prepayments	275,875	2
Inventory	133,728	-
Taxes receivable	1,503	-
<b>Total current assets</b>	<b>879,922</b>	<b>8,750</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	284,529	8,748
<b>Net current assets</b>	<b>595,393</b>	<b>2</b>

- c) On December 31, 2020, Poko entered into the Asset Purchase Agreement with ORH and Cannmed, pursuant to which Poko purchased from Cannmed its portfolio of assets from Cannmed, including the domains, trademarks, licenses and intellectual property rights relating to CBD Village, Vapor Blog, Candid Magazine, The Extract, certain social media accounts, the Poko skincare range, the Cannmed Wholesale and white label business, the Cannmed Marketplace and LumiPay (together, the “Cannmed Assets”), for the issuance of 1,231,517 Poko shares at a deemed price of \$2.087 per Poko Share for the aggregate purchase price of \$2,570,265. During the 6 months ended December 31, 2021, the change in the net value of intangibles is the extent of depreciation as follows:

	Cannmed White Label & Media	Poko	Lumipay	Cannmed	News Media	Total
	\$	\$	\$	\$	\$	\$
Cost	719,625	565,419	462,616	257,008	565,508	2,570,176
<b>Balance as at June 30, 2021</b>	<b>719,625</b>	<b>565,419</b>	<b>462,616</b>	<b>257,008</b>	<b>565,508</b>	<b>2,570,176</b>
Amortization						
Opening balance	17,991	14,135	11,565	6,425	14,138	64,254
Additions	35,982	28,270	23,130	12,850	28,276	128,508
<b>Net Balance as at December 31, 2021</b>	<b>665,652</b>	<b>523,014</b>	<b>427,921</b>	<b>237,733</b>	<b>523,094</b>	<b>2,377,414</b>

**Cash Flows:**

During the six months ended December 31, 2021 the Corporation used \$528,676 (June 30, 2021: \$Nil) of its cash and cash equivalents to meet the Operating Activities i.e., pay its trade and other payables, fund its operations and pay for the corporate operating expenses. The Company’s Investing Activities includes inclusion of the cash of \$54,205 acquired consequent to the reverse takeover transaction (June 30, 2021: \$ Nil). During the six months ended December 31, 2021, the Company raised \$850,260 pursuant to a private placement of 7,729,635 shares (refer section of Reverse Takeover – Page 10).

**Results of Operation for the six months ended December 31, 2021:**

For the six months ended December 31, 2021, the Company realized a net loss of \$1,991,363 or \$0.04 per share. The comparative figures for the corresponding period in the previous year have not been provided as

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

the Company was not in operation. The highlights of the operations for the 6 months ended December 31, 2021 are as follows:

Particulars	Sep 30, 2021	Remarks
	\$	
Listing costs	1,492,032	See Note 1 below.
Share-based compensation	416,402	See Note 2 below
Professional fees	106,692	See Note 3 below
Amortisation	128,508	The Company amortises the intangible assets over 10 years.
Loss on conversion of debt	65,509	See Note 4 below
General expenses	32,124	It related expenses accounted for ~ 50 % of this expense head
Filing fees	19,604	Fees incurred in connection of listing and the reverse takeover transaction.

Note 1: Listing fees:

The value of the consideration paid was determined based on the fair value of the net assets of the Company acquired on August 13, 2021, which was computed as \$1,115,838 as follows:

	\$
Fair Value of 9,428,473 common shares of the Company @\$0.11	1,017,332
Legal Fees	98,506
<b>Total Consideration</b>	<b>1,115,838</b>
<b>Net Assets acquired</b>	
Bank Balance	54205
Taxes receivable	15,192
Prepaid Expenses	5,000
Accounts payable and accrued liabilities	(222,093)
Provision for penalties	(62,671)
Due to directors	(760)
Loan with interest	(165,067)
<b>Total</b>	<b>(376,194)</b>
<b>Listing Costs</b>	<b>1,492,032</b>

Note 2: Share based compensation

During the six months ended December 31, 2021 the Company issued the following stock options to directors, officers, and consultants of the Company:

Date	Number of Stock Options	To expire in (Years)	Price (\$/ Stock Option)	Fair Value Considered (\$/ Stock Option)	Volatility	Risk Free Rate (%)	Vesting Period	Contributed Surplus / Share based compensation (\$)
Aug 18 2021	3,600,000	5	0.11	0.10	128%	0.75%	Immediate	360,000
Dec 10, 2021	3,570,000	4	0.15	0.13	128%		Quarterly over 1 year	56,402
<b>Total</b>								<b>416,402</b>

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

Note 3: Professional fees include the following:

	\$
Audit fees	30,000
Accounting fees	12,500
Legal and other professional fees	64,192
<b>Total</b>	<b>106,692</b>

Note 4: Retirement of debt.

Date	Value of Debt retired (\$)	Number of shares Issued	Issue Price (\$/ Share)	Fair Value (\$/ Share)	Value of Shares issued (\$)	Loss on retirement of Debt (\$)
Aug 18, 2021	165,067	1,700,000	0.11	0.11	187,000	4,009
Dec 10, 2021	246,000	2,050,000	0.12	0.15	307,500	61,500
					<b>Total</b>	<b>64,509</b>

### Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company for the five quarters ended December 31, 2021.

	Dec 21	Sep 21	June 21	Mar 21	Dec 20
Net income / (Loss) for the Quarter	(320,248)	(1,991,363) <sup>1</sup>	-64,254	Nil	Nil
Comprehensive income / (Loss)	(320,248) <sup>2</sup>	(1,991,363)	-64,254	Nil	Nil
Loss / Share	-	-0.04	-0.05	Nil	Nil

- (1) Listing fees of \$1,492,032; Share based compensation of \$360,000.
- (2) Share based compensation: \$56,402; loss on conversion of debt: \$61 500
- (3) The Company was incorporated in September 2020. The first financial statements that were presented by the Company was for the period September 2020 to June 2021.

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

Selected financial information for the 3 months ended December 31, 2021

	<i>3 months ended Dec 30, 2021</i>	<i>3 months ended Dec 30, 2020</i>
	\$	\$
Revenue	110,252	-
Cost of sales	(67,278)	-
<b>Gross profit / (loss)</b>	<b>42,974</b>	<b>-</b>
<b>Operating expenses</b>		
Share-based compensation	56,402	-
Professional fees	76,100	-
Marketing and promotion	53,855	-
General expenses	31,431	-
Filing fees	12,050	-
<b>Listing costs</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>	<b>64,254</b>	<b>-</b>
<b>Loss on conversion of debt</b>	<b>61,500</b>	<b>-</b>
<b>Net loss and comprehensive loss for the year</b>	<b>437,650</b>	<b>-</b>
<b>Weighted average no of Shares</b>	<b>78,439,234</b>	
<b>Basic and diluted loss per share (Note 10)</b>	<b>0.01</b>	

The Company did not have any operations during the corresponding period during the previous year. Hence no comparisons have been provided herein.

The key expenses are explained as below:

Expense Description	\$	Remarks
Share-based compensation	56,402	See Note 2 described in detail in explanation of the expenses incurred during 6 month ended December 31, 2021
Professional fees	76,100	Consist of Audit fees: \$15,000; Accounting fees: \$5,000; Legal and other fees: 56,100
Marketing and promotion	53,855	See Note 5 below
General expenses	31,431	IT expenses constitute ~ 50% of this expense
Filing fees	12,050	Fees related to listing/ Sedar/ CSE , etc
<b>Amortisation</b>	<b>64,254</b>	Intangible assets are amortised over 10 years
<b>Loss on conversion of debt</b>	<b>61,500</b>	See Note 2 described in detail in explanation of the expenses incurred during 6 month ended December 31, 2021

Note 5: Marketing and Promotion:

During the 3 months ended December 31, 2021, the Company entered into agreement with certain parties for furthering the marketing activities. The agreement required an upfront payment of an amount equivalent to \$278,173. This amount was paid in \$43,173 cash and the rest in 2,050,000 shares of the Company. The services against the agreements would be availed over the next 12 months, hence an amount of \$265,075 has been accounted for as pre-paid expenses that would be amortised over the next 11 months. Accordingly, an amount of \$24,098 has been charged as Market and promotion expenditure for the quarter.

## Liquidity and Capital Resources

### *Working Capital*

Working Capital is a non- GAAP financial information being the difference between Current Assets and Current Liabilities. Working Capital position as at December 31, 2021 is \$595,922 as follows.

	As at December 31, 2021	As at June 30, 2021
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	375,789	-
Accounts receivable	93,027	8,748
Prepayments	275,875	2
Inventory	133,728	-
Taxes receivable	1,503	-
<b>Total current assets</b>	<b>879,922</b>	<b>8,750</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	284,529	8,748
<b>Net current assets</b>	<b>595,393</b>	<b>2</b>

### *Capital Expenditures*

The Company did not incur any Capital Expenditure during the 6 months ended December 31, 2021.

### *Capital Resources*

Equity attributable to shareholders of the Company is \$2,972,807, an increase of \$466,883 from June 30, 2021 balance of \$2,505,924, and is comprised of share capital of \$4,932,270 (Previous Year: \$2,570,178), Contributed surplus \$416,402 (Previous Year: Nil), less the deficit of \$2,375,864 (Previous Year: \$64,254).

Management of the Corporation believes that it shall be able to raise sufficient funds to pay its ongoing general and administrative expenses, to pursue exploration and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. 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, 12 months from the end of the reporting period. The Corporation's ability to continue future operations beyond December 31, 2021 and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments. Management will pursue such additional sources of financing when required.

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts eventually realized for assets might be less than amounts reflected in these consolidated financial statements.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources.

### **Transactions with Related Parties**

Cannmed Products Limited (incorporated in England and Wales) and its subsidiary ORH Marketing Limited (incorporated in Ireland) and are considered to be related parties as Cannmed David Hughes is a director of both companies at December 31, 2021.

During the 6 month period ending December 31, 2021, the Company made purchases from Cannmed Products Limited Group totaling \$257,251. Amounts due to the Cannmed Products Limited Group at December 31 2021 was \$122,761.

During the 6 months ended December 31, 2021, the Company issued the following stock options to its Directors and key managerial personnel:

Stock Option Issuance date		August 18 2021		December 10 2021		Total
		Price	Nos Issued	Price	Nos Issued	Nos Issued
Michael Porter	Director	\$0.11	250,000	\$0.15	250,000	500,000
Alex Leigh	Director	\$0.11	250,000	\$0.15	350,000	600,000
Simon Painter	Director	\$0.11	250,000	\$0.15	250,000	500,000
Tim Henley	Director	\$0.11	250,000	\$0.15	250,000	500,000
Chief Executive Officer	Director	\$0.11	500,000	\$0.15	250,000	750,000
Chief Operating Officer		\$0.11	750,000	\$0.15	250,000	1,000,000
Chief Financial Officer		\$0.11	200,000	\$0.15	100,000	300,000
Chief Technical Officer		\$0.11	50,000			50,000
<b>Total</b>			<b>2,500,000</b>		<b>1,700,000</b>	<b>4,200,000</b>

## **Critical Accounting Estimates and Accounting Policies**

### **IFRS Accounting policies**

The Company's significant accounting policies under IFRS are disclosed in Note 3 in the unaudited consolidated financial statements for the six months ended December 31, 2021.

### **Use of estimates and judgements**

Please refer to Note 4 of the unaudited consolidated financial statements for the six months ended December 31, 2021 for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

### **Changes in accounting policies**

The Company's changes to accounting policies are disclosed in Note 3 in the audited annual consolidated financial statements for the unaudited consolidated financial statements for the six months ended December 31, 2021.

### **Financial Risk Management, Objectives and Policies**

The Company is exposed to various risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company's main financial risk exposure and its financial risk management policies are as follows:

#### **Credit risk**

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash and cash equivalents, receivables, prepayments and inventory at the reporting date for the aggregate amounts of \$878,419 at December 31, 2021 (June 30, 2021: \$8,750). The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent and the cash held in trust is accessible as and when required.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Within 6 months	
	As at December 31, 2021	As at June 30, 2021
Accounts payable	284,529	8,748
Total Liabilities	284,529	8,748

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

#### Capital Management Policies and Procedures

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. The company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 7 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

### **Controls and Procedures Over Financial Reporting**

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company 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
- ii) 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 Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 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.



## **Disclosure Of Outstanding Share Data**

The following information relates to share data of the Company.

### **1. Capital stock**

The capital stock of the Company consists only of fully paid common shares.

- a. Authorized
  - Unlimited number of common shares, without par value, voting and participating.
  - Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.
- b. Issued

### **Year ended June 30, 2021**

On December 31, 2020, Poko entered into the Asset Purchase Agreement with ORH and Cannmed, pursuant to which Poko purchased from Cannmed its portfolio of assets from Cannmed, including the domains, trademarks, licenses and intellectual property rights relating to CBD Village, Vapor Blog, Candid Magazine, The Extract, certain social media accounts, the Poko skincare range, the Cannmed Wholesale and white label business, the Cannmed Marketplace and LumiPay (together, the “Cannmed Assets”), for the issuance of 1,231,517 Poko shares at a deemed price of \$2.087 per Poko Share for the aggregate purchase price of \$2,570,265.

### **6 months ended December 31, 2021**

Pursuant to the Reverse Takeover transaction (the “Transaction”) the following were effected during the quarter ended June 30, 2021:

- a) The shares of Poko Innovations Inc. (formerly Brunswick Resources Inc. (BRU.H)) were consolidated on the basis of five (5) pre-Consolidation Common Shares to one (1) post-Consolidation common share (each post-Consolidation common share, a “Common Share”).
- b) 59,090,909 Common Shares were also issued to Cannmed such that they represented 75.8% of the issued and outstanding Common Shares.
- c) 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.
- d) 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.

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

- e) During December 2021, the Company issued an aggregate of 2,050,000 Common Shares at a price of \$0.12 per Common Shares to certain arm’s length creditors to satisfy indebtedness in the amount of \$246,000. Under the provisions of IFRIC 19, the Company valued the shares at \$0.15 also recorded a loss on extinguishing the debt for \$61,500.

**2. Options**

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

The summary of the stock options issued during the six months ended December 31, 2021 is as follows:

<b>Date</b>	<b>Number of Stock Options</b>	<b>To expire in (Years)</b>	<b>Price (\$/ Stock Option)</b>	<b>Fair Value Considered (\$/ Stock Option)</b>	<b>Volatility</b>	<b>Risk Free Rate (%)</b>	<b>Vesting Period</b>	<b>Contributed Surplus / Share based compensation (\$)</b>
Aug 18 2021	3,600,000	5	0.11	0.10	128%	0.75%	Immediate	360,000
Dec 10, 2021	3,570,000	4	0.15	0.13	128%		Quarterly over 1 year	56,402
<b>Total</b>	<b>7,170,000</b>							<b>416,402</b>

**Business Risks**

Poko is engaged in the development of services for the CBD industry, education through its online media sites, payment processing through banking relationships, e-commerce platforms, skincare and edibles through its B2C brands and white label service. Consequently, no assurance can be given that commercial quantities of CBD products will be successfully sourced, produced or marketed.

The Company has no history of profitable operations and its present business is at an early stage. As

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further development of its plans and strategies.

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.

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.

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.

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 Poko' 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.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the Canada Exchange may be affected by such volatility.

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

The Corporation has limited financial resources and there is no assurance that additional funding will be available to it for further exploration work or the development of its projects or to fulfill its obligations under applicable agreements. Although the Corporation has been successful in the past to obtain financing through the sale of equity securities, there can be no assurance that the Corporation will be able to obtain adequate financing in the future or that terms of the financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Corporation with possible dilution or loss of such interests.

The Corporation is conducting its business in the United Kingdom and Ireland . There is a sovereign risk of investing in a foreign country, including the risk that licenses may be susceptible to revision or cancellation by new laws or changes in direction by the government in question. These are matters over which the Corporation will have no control. Although management believes that the government and population of the United Kingdom and Ireland support the development of CBD industry there is no assurance that future political and economic conditions in such country will not result in the adoption of different policies or attitudes respecting the CBD industry. Any such changes in policy or attitudes may result in changes in laws affecting licensing of CBD products, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Corporation's ability to undertake its expansion in the CBD sector.

The success of the Company is very dependent upon the personal efforts and commitment of its existing

**Poko Innovations Inc.**  
**Management Discussion & Analysis – Amended and Restated**  
*6 months ended December 31, 2021*

management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

In the normal course of the Company's business, Poko may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to the personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Since January 30, 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 social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. 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. 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 or on its ability to continue as a going concern.

/s/ David Hughes

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**President and CEO,**  
**David Hughes**