

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*  
*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	11
Overall Performance	12
General Corporate Affairs	16
Financial Condition	19
Selected financial information for the 9 months ended March 31, 2022	19
Summary of Quarterly Results	24
Results of Operation for the quarter ended March 31, 2022	24
Liquidity and Capital Resources	25
Off-Balance Sheet Arrangements	26
Transactions with Related Parties	26
Critical Accounting Estimates and Accounting Policies	27
Controls and Procedures Over Financial Reporting	28
Disclosure of outstanding share data	29
Business risks	32

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

*This 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 March 31, 2022. It includes a review of the Company’s financial condition and a review of operations for the three-month period ended March 31, 2022. 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 March 31, 2022 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 unaudited consolidated financial statements as at March 31, 2022 and related notes thereto.*

*The unaudited condensed consolidated financial statements for the 9 months ended March 31, 2022 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 March 31, 2022. 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.*

*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, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change*

**Poko Innovations Inc.**  
**Management Discussion & Analysis**

*9 months ended March 31, 2022*

*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**  
*9 months ended March 31, 2022*

- **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**  
*9 months ended March 31, 2022*

supplier for wholesale.

- **Canmed 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. Limited resources & changing competitive landscape means this area is on hold at present.
- **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.

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 Canmed 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 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, Canmed Products Limited (“Canmed”), in exchange for the issuance to Canmed 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 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

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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**

IMARC reported, “The Europe CBD oil market exhibited strong growth during 2015-2020. Looking forward, IMARC Group expects the market to grow at a CAGR of around 23% during 2021-2026. Keeping in mind the uncertainties of COVID-19, we are continuously tracking and evaluating the direct as well as the indirect influence of the pandemic on different end use industries.

Brightfield reports that Novel Foods would provide a viable pathway for companies to enter the CBD markets; 2021-2022 will see a greater consolidation and clearer picture of long term players. This is in line with FSA continued acceptance of Poko Groups applications for a Novel Foods license. The FSA rejection of applications of CBD brands not meeting the stringent criteria set up by the FSA in the UK to date.

The FSA’s Novel foods licensing list was updated, for the first time in over a year, in March 2022 in the UK and any CBD brands not listed are in the process of being enforced in the EU. Poko has its Novel Food Application under RP427 / RP438 & RP527 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 latest Brightfield report has seen a 26% growth in sales, in the CBD market, between 2018 and 2019 with Germany and the UK being 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 its exclusion from Novel Foods licensing. As Pokos primary B2C brand is Poko Skincare, this report is promising for its growth across the EU market.

The 2021 Midyear US CBD report from Brightfield outlines 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 is still focused on its continued plans to develop the business by increasing its brand awareness through influencer marketing, TV sales, advertising and trade events, increasing the distribution channels, and strengthening its relationship with existing customers. Key growth strategies include:

- Lower costs allowing attractive and profitable agreements with distribution networks.
- Increased brand visibility through partnerships with high profile influencers, the PC and stockists.
- Increasing market penetration in the UK & EU.
- Monetizing the FinTech division by specializing in high risk clients doing \$1-15M per month in online processing. This is expected to have the net effect of lower overall costs and higher returns and is a move away from the existing focus which was on smaller clients in the CBD industry.

The Company in Q3 has been heavily focused on Poko Skincare's growth strategy and is looking to increase its visibility and reach via TV channels, having begun its listing process with TJC it will now look at leveraging other networks. Q4 will have a focus on the Fintech division, with LumiPay being central to the growth strategy in the latter half of 2022.

### **Novel Foods Licence - RP 427 RP438**

The Novel Foods regulation is a Food Standards Agency (FSA) requirement for companies to legally sell in the UK and is the first legal step in regulating the UK CBD market.

Poko's edible products, under the Canndid brand, had previously applied for novel foods sub-licence under RP427 / RP438 & RP527 in 2021. The manufacturer licence application was accepted and is moving through the final stages of inspection. This means the Canndid brand can continue to sell and supply into the UK market while waiting for final approval.

Novel foods listing is a requirement for CBD edible suppliers and brands from April 1st 2021 however the FSA did not publish their list of approved products to be allowed to continue selling until March 2022, it is expected Novel Foods legislation will see a reduction in the number of suppliers to the market in 2022 as suppliers not on the FSA list are no longer approved for sale in the UK.

As it stands, any CBD brands previously trading on the UK market that have not been listed on the FSA's public list of final stage applications will be removed from shelves and will no longer be legal for sale in the UK via e-commerce or retail outlets.

## 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 usage as follows:

<b>Principal Purpose</b>	<b>Budget</b>	<b>Utilisation of funds till March 31, 2022</b>
Legal and Professional fees	\$75,000	\$150,070
General and administrative costs estimated for operating next twelve months	\$385,000	\$49,293
Launch of Poko Skincare & Canndid in major distribution centres	\$30,000	\$153,101
Launch of Poko Skincare & Canndid in large department store chain	\$60,000	\$58,159
Expand client base of LumiPay	\$40,000	\$16,892
Marketplace launch	\$90,000	\$10,394
Expand customer base of white label segment, Cannmed Products	\$30,000	\$40,759
<b>Total Expenses</b>	<b>\$710,000</b>	<b>\$478,623</b>

## Overall Performance

For the interim period ended March 31 2022, the company has focused on consolidating its divisions. The focus has been away from smaller individual sales to large corporate targets in each division.

**LumiPay:** LumiPay will move away from taking applications from smaller CBD focused companies to targeting larger companies with monthly revenues of \$1-20M, predominantly based in high risk industries, this is where we believe the largest margin is and lowest cost to the group. The Company will use its' relationships, not only with the banks but also with partners and investors who have the ability to introduce high value clients to LumiPay, to gain access to our ideal customer base. Poko Group will aim to have the banks handle the applications and the associated costs and Poko Group will take a payment on the overall profits of each account.

The ROI on smaller accounts has been low, the number of account applications generating small revenues has made the transition to a smaller number of high value applications utilizing out banking connections for online payment processing in the Far East, Canada, USA and Australia predominantly.

**Poko Skincare:** Poko primary focus in Q3 has been on lowering its base cost for its range of products. This will create better margins and revenue for Poko as we negotiate deals with larger distribution chains, online marketplace platforms and packing centers. We have successfully sourced lower cost suppliers for the vessels and will be migrating to new suppliers in late 2022.

Poko has also begun production of its first collaboration product with Rob Kearney, its Daily SPF50 Moisturiser. This product uses sugarcane tube outer packaging, which has reduced cost and increased margins for the product. It is set to launch at the end of May 2022, and will be a key product of the Cosmetic Buying

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

Show in May. The SPF Moisturiser will be marketed as a 365 days a year hydration and protection cream and will be targeting outdoor enthusiasts such as gardeners, cyclists and runners.

In February Poko expanded its list of high profile brand ambassadors by welcoming Jess Redden to the group. Jess Redden is a high profile wellness influencer in Ireland and a newly qualified Pharmacist. Bringing Jess on to the Poko ambassador list has given Poko a unique edge, being backed by a pharmacist allows us to have more engaging conversation with potential stockists as a solution to problem skin.

Poko has also received award nominations for its first industry event outside of CBD, with 4 nominations in the OTC and Retail Pharmacy Product Awards. As Poko has been expanding its distribution in Ireland and having brought on recognisable influencers Rob Kearney & Jess Redden, it has started to become a recognisable brand across Ireland's pharmacies and health stores.

While the awards include big name competition, it does give Poko the opportunity to provide samples to many of the key industry buyers in the beauty and cosmetic section and allows us to network with them.

**Expanding Pokos Distribution Channels:** Poko Skincare is currently working with its first telesales channel in the UK, TJC, to test the appetite for CBD infused skincare on a television shopping channel. TJC Beauty is currently listing the product on its website and is working to book its initial show with Poko. It is expected to run a monthly show with Poko from April. This is the first Telesales channel of what Poko hopes to be many in 2022, as the company sees this channel of distribution to be one of its best for future revenues.

**Poko in Main Stream Media:** Poko has continued to increase brand visibility and awareness having featured in Vogue Magazine, Health and Wellbeing Magazine UK, The Sunday Independent, evoke.ie. & Red FM radio over the first quarter of 2021.

Poko has also pitched a TV segment to Virgin Media TV, for Ireland AM, to feature Jess Redden Poko & Canndid. Currently this is scheduled to air at the start of June and will be part of Pokos "Go Beyond Skin Deep" campaign with Rob Kearney & Jess Redden. This campaign will ramp up marketing for Poko, focusing on the wellness market and all aspects of good skin health.

The video ad with Rob Kearney and Jess Redden can be seen on YouTube:  
<https://youtu.be/G6i3u1uG0qw>  
<https://youtu.be/EYwPMcoZ4Zo>  
<https://youtu.be/Nzp7AkNLCKg>.

**Pokobeauty.com:** Poko has also launched, which is a paired pack version of the website for advertising purposes. Due to the restrictions CBD companies still face with online advertising on Social Media platforms and Google Poko launched this site in order to successfully run ad campaigns online. Inline with

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

this Poko has also been approved and has begun running video ads on the TikTok platform.

**Social Media:** Poko was also featured in social stories across the quarter including Ireland AM's host Alan Hughes', Today FM's host Jessica Maciel's story, Niamh de Brún-Reid's an Irish influencer's, Niamh O'Sullivan's story, Irish rugby player Robbie Henshaw's story, Louise Byrne's of a fashion blog, Fergal Darcy, ex Today FM, National Radio presenter's story. Poko is committed to building relationships with influential people of note across Ireland and UK to expand brand awareness and create demand in stores. Poko has also sent out VIP PR Boxes to influencers and high profile celebrities connected to Rob Kearney and Jess Redden, whilst updating its in-store POS items to include Jess & Rob and have them visually prominent in relation to the brand.

**Canndid:** With Novel Foods progress Canndid as seen, the company will look to further expand its range through large distributors and wholesalers agreement. Since the updated FSA list Canndid has been able to further grow its relationship with UK wholesalers, JM Wholesale & Blaze as a supplier which is legally able to sell to the CBD market.

Canndid CBD featured in email blasts from Blaze wholesale to the large client base, launching its availability on Blaze's wholesale platform.

In addition to this Poko signed its distribution deal with JM Wholesale at the end of March, which is one of the UK's largest wholesalers for vaping, CBD and smoking products, JM Wholesale holds the largest range of CBD products in the world – its network comprises more than 1,500 retail shops.

Canndid has featured in the quarterly Cannavist Magazine, targeting wholesale and distribution chains in the UK to enquiry about the range of products Canndid offers.

Currently Canndid is focused on finalising its Novel Food application and increasing its visibility and sales through its distribution partners.

**Media Sites The Extract, Candid Magazine & CBD Village:** The company has entered into negotiations with a potential partner in the CBD space to utilize their business contacts and sell advertising packages on the Poko Group media site. This deal is currently being explored as profit share basis, this is hoped to monetize the traffic to the media sites presently used to educate the UK audience and increase brand awareness across poko brands. As Poko is currently focusing on the growth of our B2C & white labelling brands, it will allow the company to leverage passive revenue from the media sites.

**E-commerce:** With the introduction of new marketplace competition in the UK, the focus will not be on creating its own marketplace, but selling products across existing market places for the near future. The

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

company believes that Poko Groups products will perform best on marketplaces outside of the CBD market. such as Amazon, ASOS and other skincare and wellness platforms.

CBD Village continues to sell CBD products online in the UK, listing our own brands as well as other popular brands on the market.

**General Performance Notes:** For the interim period ended March 31, 2022 the Company has been focused on introducing its consumer brands to new retail channels, such as TV channels, it has been listed by online and bricks & mortar chains and generated \$99,599 of revenues compared to \$110,252 of revenues the previous quarter which is due from commission payments for LumiPay its financial services division and its CBD & skincare products, the company will continue to build and expand its distribution network.

The company has seen an upsurge in interest by commercial buyers across the nation which we believe is helped by the lifting of many Covid restrictions, although there is some aftereffects of Covid we believe the buyers interest in adding new brands to their stores has increased, this is seen in the number of new stockists and in the interest at the trade show events attended across the quarter.

The FSA updated listing as of March 31st means the company can now promote its edibles products from its Canndid range through distribution channels like Blaze Wholesale and JM Wholesale and refer to the approved list where it has been listed. The update to the Novel Foods application means we are one of a select group of companies given the permission to continue to sell in the UK. This advancement in the Novel Foods regulation has been imminent and is a very important step for buyers to feel secure in stocking CBD brands. We intend to push all products listed across the networks with the reassurance of Novel Foods compliance for all buyers.

## **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**

Following on from Poko's previous awards, having won Silver for Best Eye Cream Treatment, won Best Natural Product for its Correctin Cream at the Beauty Bible in April 2021 and a Your Healthy Living 2022 Award for Best CBD Product for its Luxury Facial Oil in December 2021, Poko was shortlisted at the ASOS awards 2022 and has been nominated for the latest OTC Ireland Retail Pharmacy Product Awards.

As part of this event Poko sample gift boxes of our best selling products will be included in the event's goodie bags. These bags are given to tall attendees at the OTC Pharmacy Awards, to take home and use, to further enhance brand awareness of Poko. This event is attended by pharmacy and retail buyers and the event will be followed up by a sales initiative and marketing materials in order to work to expand Pokos distribution across Ireland.

Poko Groups leading brands, Poko, Candid & Cannmed White Label, have all been nominated for several World CBD Awards awards with finalists being announced in May 2022. The event is held in July 2022, where winners will be announced. The World CBD Awards is a prestigious event that fuses both an expo and a Gala award night with an industry leading conference. The theme of the awards is 'we can do better' and focuses on promoting brands within the industry that adhere to regulation and lead innovation.

The nominations are as follows:

- **Cannmed:** Best White Label Brand
- **Poko:** Best Cosmetic Product - Correcting Eye Cream
- **Poko:** Best Cosmetic Product - Luxury Facial Oil

- **Poko:** Most Loved Brand
- **Canndid:** Best Industry Newcomer
- **Canndid:** Best CBD Edible
- **Canndid:** Best Product Innovation - CBD Pouches

**The Extract**

The Extract has secured stands for the Poko Brands, Poko Skincare and Canndid by covering events like the World CBD awards, in Barcelona in July, and the CBD white label show in the UK, for no monetary cost but in exchange for coverage of the event

It is looking at opportunities to monetize its traffic to the sites from UK and EU visitors by partnering with prestigious brands and is in negotiations, the sales would be handled by the partnering group, whilst the Poko Group would publish adverts, media and advertising pieces. This agreement would consist of a percentage of the cost of advertising going to the partner for selling advertising packages. As the company is in early stages of this structured deal, we predict that it will be agreed and packages will be introduced for sale in June/July 2022.

**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

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

### Selected financial information for the 9 months ended March 31, 2022

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

	<i>9 months ended March 31, 2022</i>	<i>9 months ended March 31, 2021</i>
	\$	\$
Revenue	282,202	-
Cost of sales	(230,343)	-
<b>Gross profit / (loss)</b>	<b>51,859</b>	<b>-</b>
<b>Operating expenses</b>		
Share-based compensation	687,449	-
Marketing and promotion	279,260	-
Professional fees	150,070	-
General expenses	49,293	-
Filing fees	27,812	-
<b>Listing costs</b>	<b>1,492,032</b>	<b>-</b>
<b>Amortisation</b>	<b>192,762</b>	<b>-</b>
<b>Loss on conversion of debt</b>	<b>65,509</b>	<b>-</b>
	1,759,512	-
<b>Net loss and comprehensive loss for the year</b>	<b>2,912,429</b>	<b>-</b>
<b>Weighted average no of shares</b>	<b>68,059,612</b>	<b>-</b>
<b>Basic and diluted loss per share (Note 10)</b>	<b>0.04</b>	<b>-</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 March 31, 2022</i>	<i>As at June 30, 2021</i>
	\$	\$
Cash and cash equivalents (Note 6)	230,619	-
Share subscription receivable (Note 8)	2,500	-
Stock	169,151	-
Trade and other receivables	321,368	8,750
Intangible assets	2,313,160	2,505,922
Accounts payable and accrued liabilities	375,081	8,748
Common Shares (Note 8)	4,954,550	2,570,178
Contributed surplus	665,169	-
Deficit	(2,958,001)	(64,254)

	9 months ended	
	March 31, 2022	August 31, 2020
	\$	\$
Cashflows used by Operating Activities	(693,625)	-
Cashflows used by Investing Activities	54,205	-
Cash flows from Financing Activities	872,540	-
Increase / (Decrease) in cash and cash equivalents	233,119	-

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

Cash and cash equivalents, beginning of the period	-	-
Cash and cash equivalents, end of the period	233,119	-

**Selected financial information for the 9 months ended March 31, 2022 (Continued)**

The basic and diluted loss per share during the nine months ended March 31, 2022 is \$0.04. During the nine months ended March 31, 2022 the Company realized a net income and comprehensive loss of \$2,912,429. 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 nine months ended March 31, 2022 indicates Cash and Cash Equivalents of \$230,619 (June 30, 2021: Nil); Stock of \$169,151 (June 30, 2021: Nil) share subscription receivable of \$2,500 (June 30, 2021: Nil) and Trade and other receivables of \$321,368 (June 30, 2021: \$8,750) resulting in total current assets of \$723,639, an increase of \$714,889 from June 30, 2021 balance of \$8,750. The intangible assets are estimated at \$2,313,160 which is a decrease of \$192,762 from June 30, 2021 balance of \$2,505,922. The total assets are \$3,036,799 which is an increase of \$522,127 from June 30, 2021 balance of \$2,514,672.

The Company's current liabilities at March 31, 2022 are its trade and other payables of \$375,081 which is an increase of \$366,333 from June 30, 2021 balance of \$8,748. Equity attributable to shareholders of the Company is \$2,661,718, an increase of \$155,794 from June 30, 2021 balance of \$2,505,924, and is comprised of share capital of \$4,954,550 (June 30, 2021: \$2,570,178), Contributed surplus of \$665,169 (June 30, 2021: \$Nil), less the deficit of \$2,958,001 (June 30, 2021: \$64,254).

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

- a) The cash in the Company increased by \$230,619, during the year as explained under "Cash Flows"

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

below;

b) The movements in current assets and current liabilities are as follows:

	As at March 31, 2022	As at June 30, 2021
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	230,619	-
Share subscription receivable	2,500	-
Accounts receivable	125,026	8,748
Prepayments	193,649	2
Inventory	169,151	-
Taxes receivable	2,694	-
<b>Total current assets</b>	<b>723,639</b>	<b>8,750</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	375,081	-
<b>Net current assets</b>	<b>348,558</b>	<b>8,750</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 9 months ended March 31, 2022, 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	53,973	42,405	34,695	19,275	42,414	192,762
<b>Net Balance as at March 31, 2022</b>	<b>647,661</b>	<b>508,879</b>	<b>416,356</b>	<b>231,308</b>	<b>508,956</b>	<b>2,313,160</b>

**Cash Flows:**

During the nine months ended March 31, 2022 the Corporation used \$693,625 (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 nine months ended March 31, 2022, the Company raised \$850,260 pursuant to a private

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

placement of 7,729,635 shares (refer section of Reverse Takeover – Page 10) and \$22,280 upon exercise of certain Stock Options..

**Results of Operation for the nine months ended March 31, 2022:**

For the nine months ended March 31, 2022, 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 the Company was not in operation. The highlights of the operations for the 9 months ended March 31, 2022 are as follows:

Particulars	Sep 30, 2021	Remarks
	\$	
Listing costs	1,492,032	See Note 1 below.
Share-based compensation	687,449	See Note 2 below
Marketing and promotion	279,260	See Note 3 below
Amortisation	192,762	The Company amortises the intangible assets over 10 years.
Professional fees	150,070	See Note 4 below
Loss on conversion of debt	65,509	See Note 5 below
General expenses	49,293	It related expenses accounted for ~ 50 % of this expense head
Filing fees	27,812	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 nine months ended March 31, 2022 the Company issued the following stock options to directors, officers, and consultants of the Company:

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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%	1.24%	Quarterly over 1 year	327,449
<b>Total</b>								<b>687,449</b>

The charge to share based compensation is based on the vesting schedule of the Stock Options.

Note 3: Marketing and promotion

During December 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 \$95,988 has been charged as Market and promotion expenditure for the 9 months ended March 31, 2022.

Note 4: Professional fees include the following:

	\$
Audit fees	45,000
Accounting fees	20,000
Legal and other professional fees	85,070
<b>Total</b>	<b>150,070</b>

Note 5: 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 six quarters ended March 31, 2022.

	Mar 22	Dec 21	Sep 21	June 21	Mar 21	Dec 20
Net income / (Loss) for the Quarter	(604,417) <sup>3</sup>	(320,248)	(1,991,363) <sup>1</sup>	-64,254	Nil	Nil
Comprehensive income / (Loss)	(604,417)	(320,248) <sup>2</sup>	(1,991,363)	-64,254	Nil	Nil
Loss / Share	-01	-	-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) Share based compensation: \$241,047;
- (4) 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.

### Selected financial information for the 3 months ended March 31, 2022

	<i>3 months ended Mar 31, 2022</i>	<i>3 months ended Mar 31, 2021</i>
	\$	\$
Revenue	99,599	-
Cost of sales	(90,714)	-
<b>Gross profit / (loss)</b>	<b>8,885</b>	<b>-</b>
<b>Operating expenses</b>		
Share-based compensation	271,047	-
Marketing and promotion	172,568	-
Professional fees	64,078	-
General expenses	17,170	-
Filing fees	8,207	-
<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>-</b>	<b>-</b>
	<b>68,880</b>	<b>-</b>
<b>Net loss and comprehensive loss for the year</b>	<b>600,819</b>	<b>-</b>
<b>Weighted average no of shares</b>	<b>80,100,534</b>	<b>-</b>
<b>Basic and diluted loss per share (Note 10)</b>	<b>0.01</b>	<b>-</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:

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

Expense Description	\$	Remarks
Share-based compensation	271,047	See Note 2 described in detail in explanation of the expenses incurred during 9 months ended March 31, 2022
Marketing and promotion	172,568	See Note 5 below
Amortisation	64,254	Intangible assets are amortised over 10 years
Professional fees	64,078	Consist of Audit fees: \$15,000; Accounting fees: \$7,500; Legal and other fees: 41,578
General expenses	17,170	IT expenses constitute about 50% of the expense head.
Filing fees	8,207	Fees related to listing/ Sedar/ CSE , etc

Note 6: Marketing and Promotion:

During December 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 \$71,890 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 March 31, 2022 is \$348,558 as follows.

	As at March 31, 2022	As at June 30, 2021
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	230,619	-
Share subscription receivable	2,500	-
Accounts receivable	125,026	8,748
Prepayments	193,649	2
Inventory	169,151	
Taxes receivable	2,694	-
<b>Total current assets</b>	<b>723,639</b>	<b>8,750</b>
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	375,081	-
<b>Net current assets</b>	<b>348,558</b>	<b>8,750</b>

### *Capital Expenditures*

The Company did not incur any Capital Expenditure during the 9 months ended March 31, 2022.

### *Capital Resources*

Equity attributable to shareholders of the Company is \$2,661,718, an increase of \$155,794 from June 30, 2021 balance of \$2,505,924, and is comprised of share capital of \$4,954,550 (Previous Year: \$2,570,178), Contributed surplus \$665,169 (Previous Year: Nil), less the deficit of \$2,958,001 (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 CBD product development and marketing 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 March 31, 2022 and fund its CBD product marketing and branding 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.

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**

Canned Products Limited (incorporated in England and Wales) and its subsidiary ORH Marketing Limited (incorporated in Ireland) and are considered to be related parties as Canned David Hughes is a director of both companies at March 31, 2022.

During the 9 month period ending March 31, 2022, the Company made purchases from Canned Products Limited Group totaling \$389,907.

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

Amounts due to the Cannmed Products Limited Group at March 31, 2022 was \$132,656.

During the nine months ended March 31, 2022, the Company issued the following stock options to its Directors and key managerial personnel:

		August 18 2021		December 10 2021		Exercised during Q3 2022	Total Nos Outstanding
		Price	Nos Issued	Price	Nos Issued	Nos	Nos
Michael Porter	Director	\$0.11	250,000	\$0.15	250,000	(127,545)	372,455
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		\$0.11	500,000	\$0.15	250,000	(75,000)	675,000
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>(202,545)</b>	<b>3,997,455</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 nine months ended March 31, 2022.

### Use of estimates and judgements

Please refer to Note 4 of the unaudited consolidated financial statements for the nine months ended March 31, 2022 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 nine months ended March 31, 2022.

### 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

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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 \$720,945 at March 31, 2022 (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 9 months	
	As at March 31, 2022	As at June 30, 2021
Accounts payable	375,081	8,748
Total Liabilities	375,081	8,748

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 CBD product portfolio, 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:

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

- 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.

#### **9 months ended March 31, 2022**

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

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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.
- 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.
- f) During January and February 2022 an aggregate of 202,545 shares were issued pursuant to exercise of Stock Options.

## 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 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.

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

During the nine months ended March 31, 2022, the Company issued the following options:

Date	Number of Stock Options	Tenor	Vesting Period	Price
August 18, 2021	3,600,000	5 years	Immediate	\$0.11
December 10, 2021	3,570,000	4 years	Quarterly over 1 year	\$0.15

<b>Stock Options</b>	<b>Nine months ended March 31, 2022</b>	Year ended June 30, 2021
Outstanding at the beginning of the year	-	-
Options Issued	<b>7,170,000</b>	
Options Expired	-	-
Options Exercised	<b>(202,545)</b>	-
Outstanding at March 31, 2022	<b>6,967,455</b>	-

The fair value of the options were estimated using the Black Scholes Option Pricing Model with the following assumptions:

	Nine months ended March 31, 2022
<b>Stock Options</b>	
Exercise price	0.11 to \$0.15
Expected life	5 years to 4 years
Dividend yield	Nil
Volatility (based on data of comparative companies)	128%
Risk free interest rate	0.75% to 1.24%
Fair value	\$0.10 to \$0.13

During the nine months ended March 31, 2022, the Company transferred the fair value of the Stock Options estimated at \$416,402 to Contributed Surplus. Pursuant to the exercise of 202,545 Stock Options, an amount of \$22,280 has been transferred to the deficit account.

## **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 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

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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 CBD development 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 CBD product development 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

**Poko Innovations Inc.**  
**Management Discussion & Analysis**  
*9 months ended March 31, 2022*

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 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 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

---

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