TREE OF KNOWLEDGE INTERNATIONAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended June 30, 2020

The following Management's Discussion and Analysis ("MD&A") comments on the unaudited interim condensed consolidated financial condition and results of operations of Tree of Knowledge International Corp. and its subsidiaries (collectively, the "Company" or "TOKI") for the six months ended June 30, 2020 and 2019. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 and 2019 (the "Financial Statements"). All figures are in United States dollars unless stated otherwise.

The effective date of this MD&A is dated October 15, 2020. All amounts are presented in United States dollars, unless otherwise noted.

This discussion contains forward-looking statements that are historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. This MD&A includes, but is not limited to, forward looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

GOING CONCERN ASSUMPTION

The consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company incurred a net loss for the six months ended June 30, 2020 of $3,798,798 (2019 – net loss of $3,106,198) and cash flows from operating activities of $1,527,897 (2019 – negative cash flow of $1,630,631). In addition, as at June 30, 2020, the Company has an accumulated deficit of $45,944,423 (December 31, 2019 – accumulated deficit of $42,145,625), and a working capital deficiency of $3,583,698 (December 31, 2019 - $2,382,452). Furthermore, the Company is a defendant in certain litigation. These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. See "*Risk Factors*".

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, to resolve its litigation and to continue to obtain financing sufficient to meet current and future obligations and/or restructure the existing liabilities. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern.

Cautionary Note Regarding Forward Looking Statements

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include, without limitation: the intention to complete the listing; the description of the Company that assumes completion of the listing of its Common Shares; the intention to grow the business and operations of the Company; anticipated timing for the ability of the Company to agree to terms of royalty agreements with Licensed Operators; expected growth in the number of users of Medical Marijuana in Canada; the risk of foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The Financial Statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the Financial Statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

The Audit Committee has reviewed the Financial Statements with management. The Board of Directors has approved the Financial Statements on the recommendation of the Audit Committee.

OVERVIEW

About the Company

The Company has three primary business segments: (1) multidisciplinary specialty pain clinics with a focus on the treatment of chronic pain, assessment, authorization, and monitoring of medical cannabis therapy in Canada. (2) Development of innovative products for therapeutic purposes and natural health product alternatives. The Company also has research agreements with multiple universities for medical cannabis research and development of new medical grade products; and (3) Distribution and sale of hemp-based cannabidiol ("**CBD**") products in the United States, Europe and Brazil. The Company's CBD product line contains EVR Premium Hemp Oil, which is an organically grown and handled, gluten-free, vegan, non- GMO, synergistic compound that is derived from U.S. Department of Agriculture (USDA) approved industrial hemp grown in the United States.

Through its Toronto Poly Clinic ("**TPC**") in Canada, the Company has gleaned extensive expertise from being involved in one of the largest observational clinical trials on medical cannabis and from its ongoing direct patient experience. The Company has developed and implemented MCERP (Medical Cannabis Education, Research and Best Practice Platform) and MCORP (Medical Cannabis Opioid Reduction Program) with great success. Currently, the Company has research agreements with Ryerson University for medical cannabis research and new medical grade products development. As of the date hereof the Company has several products on offer for use in connection with management of a number of ailments and for general wellness purposes.

Description of Business

The business of the Company was carried on in Canada, the United States and internationally through its various subsidiaries: Asterion Bio Med Inc. (Ontario) ("Asterion"), 10667536 Canada Inc. (Ontario), Toronto Poly Clinic Inc. (Ontario), and 1680839 Ontario Ltd. (Ontario) (collectively, the "**Asterion Subsidiaries**"); Tree of Knowledge Canada Inc. (Ontario), Tree of Knowledge Inc. (Nevada) ("**TOK NV**"), Tree of Kindness, Inc. (Nevada), TOK Tech, Inc. (Washington), EVR Biosciences (UK) Ltd. (Scotland), EVR Biosciences Limited (Ireland), EVR Global Biosciences Ltd. (British Columbia), and EVR-CBD, Inc. (Washington).

Multidisciplinary Specialty Pain Clinics

Since the acquisition of the Asterion Subsidiaries on December 19, 2018, the Company's primary business is as a healthcare provider specializing in multi-disciplinary pain management through Toronto Poly Clinic, located at North York and Thornhill in Ontario, Canada. The core pillars of Toronto Poly Clinic are: a multidisciplinary pain program designed to improve physical and psychological management of pain, patient self-management tools, and medical cannabis research and product development. Asterion had an existing strategic alliance agreement ("JNMI Agreement") with Jack Nathan Medical Inc. ("JNMI"), whereby Asterion had access to open specialty pain clinics within the JNMI

network. The Company had opened one clinic under this banner in Vaughan, Ontario, Canada in early 2019, however the clinic was closed effective September 30, 2020. On August 17, 2020, the Company terminated the JNMI Agreement.

The Company has become a healthcare leader in the ethical and controlled use of medical cannabis, managing over 4,800 cannabis patients. The Company has been involved in one of the largest longitudinal IRB approved observational studies to date on medical cannabis. As a result of this experience, practitioners have learned that education and research are paramount to realizing the medical benefits of cannabis on a diverse population of patients. The Company has refined its collective knowledge and focused on the creation of the MCERP (medical Cannabis Education, Research and Best Practice Platform) and MCORP (Medical Cannabis Opioid Reduction Program).

Product Development and Research

Currently the Company has research agreements with Ryerson University for medical cannabis research and new medical grade products development. In addition, the Company entered into a joint venture agreement with a party that has an agreement with the Icahn School of Medicine at Mount Sinai to conduct clinical trials of medical cannabinoids as a therapeutic tool to address the opioid crisis. See also "*Developments during the Year Ended December 31, 2019 – Timeless JV*" and "*Subsequent Events*".

Hemp-Derived CBD Products

The Company sold products in the cannabis health and wellness sectors in certain jurisdictions in the United States, Europe and South America (Brazil). The Company produced and distributed products that contained CBD derived from USDA approved industrial hemp in accordance with applicable laws and regulations.

The Company had forged relationships with quality and ethical USDA-approved farmers and co-ops to source quality hemp extracts. Upon receiving the extracts, the Company ensured the quality through its third-party testing protocols. All our products were made with cannabinoids extracted from controlled strains of USDA approved industrial hemp making them widely accepted internationally. The CBD contained in the products was extracted from USDA approved organic and kosher grown hemp using proprietary extraction process whose output provides a pure product. The CBD was thoroughly tested to confirm potency and to confirm absence of heavy metals, pesticides, microbials and residual solvents. The Company also provided live lab test results using QR codes (smart phone enabled bar codes) on all its CBD products.

The Company had 7 CBD product lines on offer for the year ended December 31, 2019, including airless metered pens, capsules, drops, balms, creams and tinctures, which may be used in connection with management of a number of ailments and for general wellness purposes. Certain of the products employed the use of a proprietary dosing mechanism. TOKI has historically manufactured and produced products, however, it is currently using third party manufacturing for production of all its CBD products.

The CBD and/or hemp market has seen exponential growth since the 2018 "Farm Bill" was passed. Legalization and regulations are still evolving, but currently CBD sourced from industrial hemp plants is legal in all 50 states, providing it contains less than 0.3% THC. These products can also be marketed and sold online and internationally, however, on the date that the 2018 Farm Bill was signed into law, the Food and Drug Administration ("**FDA**") released a statement from then-Commissioner Scott Gottlieb reaffirming its position that products containing CBD may not be sold as food or dietary supplements, and the FDA has issued similar statements from time to time, including most recently on March 5, 2020. The FDA's position may create additional barriers to lawfully selling CBD and CBD-based products in the United States. See "*CAUTION REGARDING BUSINESS – FDA Regulation*" and "*Risk Factors – Risks Associated with Numerous Laws and Regulations*" below.

Material Events during the Three and Six Months Ended June 30, 2020

On April 28, 2020, the Company issued a convertible debenture (the "Debenture") for an aggregate principal amount of $600,000. The Debenture accrues interest at a rate of 10% per annum, payable monthly, and matures in 1year. The holder may convert the principal amount and any accrued interest any time following the date that is four months following the date of issuance of the Debenture at a rate that is equal to the 10 days weighted average closing price of the common shares on the CSE during the 10 days prior to the conversion date less: (i) twenty-five percent (25%); or (ii) the maximum allowable discount (as per the CSE) if greater than twenty-five percent (25%).

On May 7, 2020, the Company issued 20,000,000 shares at a deemed price of CAD$0.05 per share in consideration for the various opportunities created pursuant to a joint venture agreement with Timeless Herbal Care Limited.

On June 19, 2020, the Company announced that it had been granted Management Cease Trade Order (MCTO) to enable it to file its annual financial statements and accompanying management discussion and analysis and related CEO and CFO certifications for the year ended December 31, 2019 (the "Annual Filings") on or before July 15, 2020. The Company applied for an extension to this MCTO, however, the Ontario Securities Commission denied the extension request and on July 15, 2020, the Ontario Securities Commission converted the MCTO to a failure to file cease trade order ("FFCTO"). The Company subsequently filed its Annual Filings on September 2, 2020, and the Interim Filings on September 22, 2020 and the FFCTO was revoked.

During the three months ended June 30, 2020, in response to the demand for Personal Protective Equipment (PPE) from various medical sectors struggling as a result of the Covid-19 pandemic, Mr. Michael Caridi, in his capacity as President of Tree of Knowledge International Corp.'s US subsidiary, Tree of Knowledge, Inc., sourced and provided PPE to a number of parties. There was no material net benefit to the Company in connection with the sale of PPE to third parties. See "*Operating results for the three-month period ended June 30, 2020 and 2019*" below.

See also "*Subsequent Events*".

Selected Annual Information

Summarized selected financial information with respect to the Company is as follows:

	Six Months ended June 30, 2020 ($)	Year ended December 31, 2019 ($)	Year ended December 31, 2018 ($)
Revenue	4,838,625	5,370,226	732,233
Total expenses	(4,312,334)	(8,869,596)	(7,772,411)
Listing costs	(1,000,000)	-	(1,908,896)
Acquisition costs	-	-	(3,382,869)
Net loss	(3,798,798)	(17,632,056)	(15,703,475)
Comprehensive loss	(3,644,434)	(16,918,514)	(15,414,445)
Loss per share	(0.016)	(0.08)	(0.22)
Total assets	19,366,579	10,432,286	20,686,502
Total liabilities	15,587,767	4,245,436	2,530,947
Shareholders' Equity (Deficiency)	3,778,812	6,186,850	18,155,555

Operating results for the three-month period ended June 30, 2020 and 2019

For the three months ended June 30, 2020, revenue was $3,730,986, which increased in comparison to revenue of $1,292,184 in the three-month period ended June 30, 2019. The Company had cost of sales of $2,684,038 and $777,859 respectively for the three months ended June 30, 2020 and 2019. This translated in gross margin of $1,046,948 or 28% and $514,325 or 40% for the three-month period ended June 30, 2020 and 2019, respectively. Revenue was significantly higher in the current quarter (289% increase), which is primarily attributed to the sale of Personal Protective Equipment (PPE). In response to the demand for PPE from various medical sectors struggling as a result of the Covid-19 pandemic, Mr. Michael Caridi, in his capacity as President of Tree of Knowledge International Corp.'s US subsidiary, Tree of Knowledge, Inc., sourced and provided PPE to a number of parties, however, the cost of providing the PPE has almost completely off-set the increase in revenue attributable to the sale of PPE.

For the three months ended June 30, 2020, total operating expenses were $3,061,460 (2019 - $1,636,688), an increase of $1,424,772. The largest factor attributing to the increase in the total operating expense consisted of commissions and consulting fees incurred in connection with the sale of PPE, which as noted above, created no material net benefit to the Company.

Operating results for the year ended December 31, 2019 and 2018

For the year ended December 31, 2019, revenue was $5,370,226, which increased in comparison to revenue of $732,233 in the prior period. The Company had cost of sales of $3,658,773 and $760,025, respectively, for the years ended December 31, 2019 and 2018. This translated in gross profit (loss) of $1,711,453 or 32% and $(27,792) or -4% for the year ended December 31, 2019 and 2018, respectively. Revenue was higher in 2019 as a result of the clinical operations of the Asterion Subsidiaries acquired at the end of 2018.

For the year ended December 31, 2019, total operating expenses were $8,869,596 (2018 - $7,772,411), an increase of $1,097,185. The primary reason for the increase was due to the additional operational costs of the newly acquired Asterion Subsidiaries.

- The depreciation and amortization expenses of $1,323,145 (2018 - $178,985) as the Company adopted IFRS 16 recognizing a number of leases on the balance sheet resulting in additional amortization. Additionally, approximately $10.9 million in intangible assets were recognized with the acquisition of Asterion and subsidiaries which were first amortized in 2019.

Quarterly Results

Selected financial information for the previous 8 quarters as follows:

Quarter ended	Revenues	Net loss	Net loss and comprehensive loss	Net loss per share
June 30, 2020	$3,730,986	$(3,008,408)	$(3,429,353)	$(0.014)
March 31, 2020	$1,107,639	$(790,390)	$(215,081)	$(0.0001)
December 31, 2019	$1,051,269	$(12,535,363)	$(11,890,388)	$(0.057)
September 30, 2019	$1,097,115	$(1,917,475)	$(1,849,271)	$(0.009)
June 30, 2019	$1,233,807	$(1,173,454)	$(1,180,025)	$(0.006)
March 31, 2019	$1,988,035	$(2,005,764)	$(1,998,830)	$(0.01)
December 31, 2018	$114,303	$(5,994,225)	$(8,431,461)	$(0.09)
September 30, 2018	$135,000	$(1,207,561)	$(1,184,184)	$(0.02)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. Since inception with its US operations, the Company has relied primarily on private equity and debt financings to fund its operations, establish the initial sales, marketing and advertising strategies, develop products, and protect intellectual property (such as trademarks). The Company has had recurring operating losses since inception. The Company expects such losses to lessen moving forward into the foreseeable future as it continues to develop and commercialize its products and pursue its business strategy. See "*Risk Factors*."

The Company's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had a working capital deficiency of $3,586,698 (December 31, 2019 –$2,382,452), current assets of $10,157,249 (December 31, 2019 - $413,589) and current liabilities of $13,740,947 (December 31, 2019 - $2,796,041). All the Company's financial liabilities and receivables have contractual maturities of less than 30 days and are subject to normal trade terms.

Cash flow generated by operating activities was $1,527,897 for the period ended June 30, 2020, increased at $3,158,528 from the cash flow used in operating activities of $1,630,631 in the prior year. Cash flows generated in operating activities are greater in the current period as there have been payments for large contracts that have not yet been fulfilled (unearned revenue included in accounts payable).

Cash flow used in investing activities was $5,409 for the period ended June 30, 2020, compared to cash used in the prior year of $296,583. The decrease in cash used was due to the lack of investment expenditures during the period.

Cash generated by financing activities was $1,197,154 for the period ended June 30, 2020 compared to the prior year of $1,031,747.

Foreign Currency Exchange Risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. As at June, 2020, the Company had functional currency of Canadian dollars and US dollars. The potential effect of a 5% increase or decrease in Canadian Dollars would result in an increase or decrease in net income of approximately $38,545.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is currently not exposed to interest rate risk as all interest bearing instruments are carried at fixed interest rates.

Disclosure of Outstanding Share Data

As at June 30, 2020, the Company had 250,706,000 common shares, 16,907,777 options, 28,433,333 performance warrants and 52,456,404 warrants outstanding. As at December 31, 2019, the company had 224,848,858 common shares, 16,907,777 options, 14,333,333 performance warrants and 33,182,874 warrants outstanding.

Subsequent Events

The Company has evaluated all subsequent events through October 15, 2020, which is the date of this MD&A. Management has determined that except noted below, no events or transactions occurring after the balance sheet date substantially affects the amounts, presentation, and disclosure of the Financial Statements.

Due to COVID-19, the Company was delayed in completing its annual audit and interim review with its auditor and was unable to file its Annual Financial Statements, Management Discussion and Analysis and related CEO and CFO Certificates ("**Annual Filings**") and the Interim Financial Statements, Management Discussion and Analysis and related

CEO and CFO Certificates for the period ended March 31, 2020 ("**Interim Filings**") by the due dates, as extended by the Canadian Securities Administrators. On June 19, 2020, the Company was granted a Management Cease Trade Order ("**MCTO**") which allowed the Company's securities to continue to trade on the CSE by everyone except the Company's CEO and CFO. The MCTO was set to expire on July 15, 2020 and so the Company applied for an extension to this MCTO. The Ontario Securities Commission denied the extension request and on July 15, 2020, the Ontario Securities Commission converted the MCTO to a failure to file cease trade order ("**FFCTO**"). The Company subsequently filed its Annual Filings on September 2, 2020, and the Interim Filings on September 22, 2020 and the FFCTO was revoked.

On July 13, 2020, the Company issued 532,000 units at a price of CAD$0.05 per unit for gross proceeds of $19,606 (CAD$26,600). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share for CAD$0.10 until July 13, 2022.

On July 20, 2020, the Company held its annual genearl meeting of shareholders. Zeifmans LLP was appointed as auditors of the Company and Ommid Faghani, Kaivan Talachian, Scott Reeves and Michael Caridi were elected as directors of the Company.

In early August 2020, TOK NV, TOKI, and others, were made aware of a Statement of Claim filed in the Ontario Superior Court of Justice on August 6, 2020. The claim alleges breach of contract, and other things, all related to a contract agreed to by TOK NV. Based on the information received to date, Management believes that TOKI has been misnamed by the Plaintiff such that there is no merit to the claims made against it. The claim seeks damages in the amount of $11,200,000 as well as punitive damages of CAD$500,000 and other relief including an order appointing a receiver/manager over all the assets, undertaking and property of TOKI. The Company is vigorously pursuing its defenses.

On August 17, 2020, the Company terminated the JNMI Agreement. Since the agreement was signed in 2018, the Company opened only one specialty pain clinic with Jack Nathan Medical Inc., which clinic was closed effective September 30, 2020.

On August 24, 2020, the common shares of the Company were moved from the OTCQB market to the OTC Pink Sheets. The Company is assessing whether it intends to reapply for its OTCQB listing.

Since December 31, 2019, the COVID-19 pandemic has caused a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Off-Balance Sheet Arrangements

As of June 30, 2020, the Company has no off-balance sheet arrangements.

Critical Accounting Estimates and Judgments

The preparation of the Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis of its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to:

- Valuation of equity investments;
- Allowance for expected credit losses;
- Estimated useful lives, impairment considerations and amortization of property and equipment and intangible assets;
- Share based payments;
- Intangible assets valuation;
- Business combinations; and
- Goodwill valuation.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at December 31, 2019 covered by this management's discussion and analysis, management of the Company, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CAUTION REGARDING BUSINESS

There are a number of risks associated with the business of the Company. See section entitled "*Risk Factors*" below for a detailed list of all relevant risk factors.

Canadian Companies with U.S. Marijuana-Related Assets

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – Issuers with U.S. Marijuana-Related Activities ("**CSA Notice 51-352**"), there are specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

The Company's cannabis activity in the United States for the year ended December 31, 2019, consisted solely of its distribution of CBD products, which is no longer classified as a controlled substance in the United States (see "*US Federal Overview*" below). In accordance with CSA Notice 51-352, the Company will evaluate, monitor, and reassess this disclosure and any related risks on an ongoing basis and will supplement, amend and communicate to investors in public filings, the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis.

US Federal Overview

On December 20, 2018, the Agriculture Improvement Act of 2018 (the "**2018 Farm Bill**") was passed into law. Prior to this law being passed, at the United States federal level, cannabis including hemp (i.e., cannabis with less than 0.3% THC on a dry weight basis) was included as a Schedule I controlled substance under the Federal Controlled Substances Act of 1970 ("Federal CSA"). A Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, prior to the 2018 Farm Bill, even in those states in which cannabis is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law.

Marked as genuinely historic for the cannabis industry, the passing of the 2018 Farm Bill has removed all confusion associated with "industrial hemp". While the Company has always utilized organically sourced US Dept. of Agriculture approved industrial hemp in its CBD products, on the date that the 2018 Farm Bill was signed into law, the FDA released a statement from then-Commissioner Scott Gottlieb reaffirming its position that products containing CBD may not be sold as food or dietary supplements. The FDA has issued similar statements from time to time, including most recently on March 5, 2020. The FDA's position may create additional barriers to lawfully selling CBD and CBD-based products in the United States.

FDA Regulation

The Federal Food, Drug, and Cosmetic Act (the "**FD&C Act**") is the primary food and drug law in the United States. Among other provisions, the FD&C Act prohibits the movement in interstate commerce of adulterated and misbranded food, drugs, devices and cosmetics. The FDA is charged with protecting the public health by, among other things, ensuring the safety of the country's food supply, including human and animal foods and dietary supplements. As explained below, the FDA has consistently taken the position that it is unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived, because CBD is an active ingredient in an FDA-approved drug and was the subject of substantial clinical investigations, the existence of which were made public, before it was marketed as a food or dietary supplement. On the date that the 2018 Farm Bill was signed into law, the FDA released a statement from then Commissioner Scott Gottlieb reaffirming its position that products containing CBD may not be sold as food or dietary supplements, and the FDA has issued similar statements from time to time, including most recently on March 11, 2020. The FDA's position creates additional barriers to lawfully selling CBD and CBD-based products in the United States. In addition, although the FDA has not taken the position that CBD is prohibited in cosmetics, the agency can take action if it has information that an ingredient or cosmetic product is unsafe to consumers.

Regarding dietary supplements, the FDA's position is rooted in the Dietary Supplement Health and Education Act (the "**DSHEA**"), an amendment to the FD&C Act establishing a legal framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. Under DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. By contrast, any and all "new" dietary ingredients (i.e., dietary ingredients "not marketed in the United States before October 15, 1994") must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been "present in the food supply as an article used for food" and is not "chemically altered." Any new dietary ingredient notification must provide the FDA with evidence of a "history of use or other evidence of safety" establishing that use of the dietary ingredient "will reasonably be expected to be safe." Excluded from the DSHEA's definition of a dietary supplement is: "an article that is approved as a new drug" or "an article authorized for investigation as a new drug… for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public", with certain limited exceptions.

The FDA has taken the position that CBD is excluded from the dietary supplement definition under DSHEA. As noted above, if a substance (such as CBD) is an active ingredient in a drug product that has been approved as a new drug under

the FD&C Act, or has been authorized for investigation as a new drug for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, then products containing that substance are excluded from the statutory definition of a dietary supplement. The FDA considers a substance to be "authorized for investigation as a new drug" if it is the subject of an Investigational New Drug application ("IND") that has gone into effect. There is an exception to the prohibition if the substance was "marketed as" a dietary supplement or a conventional food before the drug was approved or before the new drug investigations were authorized. However, the FDA has stated that it is not aware of any evidence that CBD was marketed in conventional foods or dietary supplements prior to being subject to substantial clinical investigations. Rather, the FDA has concluded that CBD cannot be marketed as a dietary supplement because it has been the subject of substantial clinical investigations as a new drug (known as "**IND Preclusion**"). More specifically, according to the FDA, substantial clinical investigations for Sativex (which contains delta-9 THC and CBD), sponsored by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, were authorized prior to the sales and marketing of CBD as a dietary supplement. Therefore, the FDA takes the position that, based on available evidence, CBD is excluded from the dietary supplement definition and cannot be sold or marketed as such.

On July 16, 2019, the FDA issued a consumer update regarding its efforts to address "unanswered questions about the science, safety, and quality of products containing CBD." Specifically, the FDA noted concerns regarding potential liver toxicity, questions about cumulative exposure to CBD over time, the effects of CBD on special populations (e.g., the elderly, children, adolescents, pregnant and lactating women), and the safety of CBD for use in animals including pets. On October 16, 2019, the FDA issued another consumer update cautioning against the use of CBD, THC, and marijuana during pregnancy or while breastfeeding due to the current lack of comprehensive research studying the effects of CBD on the developing fetus, pregnant mother, or breastfed baby. On November 25, 2019, the FDA issued another consumer update echoing these and other concerns related to CBD. In addition, in 2019, the FDA published numerous warning letters issued to firms that market products containing CBD, several of which were co-issued by the FTC for violations of the Federal Trade Commission Act based on unsubstantiated advertising.

Despite the FDA's position, like a number of other companies, the Company believes there are differing interpretations among state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids, including CBD, were present in the food supply and marketed as such prior to October 15, 1994, and/or whether the inclusion of cannabinoids is otherwise permitted by the FDA as dietary ingredients. For example, while the FDA has focused its enforcement and public statements on CBD products, the Company believes the IND Preclusion does not apply to "full spectrum" or "broad spectrum" hemp extracts which may contain CBD (among other cannabinoids) as a natural or inherent constituent. In its March 5, 2020 public update and report to Congress, the FDA acknowledged that some product developers may be marketing "full spectrum" or "broad spectrum" hemp extracts as foods or dietary supplements, rather than CBD isolates. The FDA did not assert that such products that contain CBD as a natural constituent will conclusively be regulated the same way as products marketed as and containing CBD isolate. However, the FDA indicated that it is considering how such products compare to CBD isolates, which may impact the FDA's evaluation of the regulatory status and compliance of such products. As a result, the Company believes the distribution and sale of its hemp-based products intended for human consumption may be permissible notwithstanding the FDA's public statements regarding CBD, because the Company does not market or promote products containing CBD isolates, and rather sells only products containing "full spectrum" or "broad spectrum" hemp. Moreover, the Company believes that uncertainties regarding such products cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. A determination that hemp products containing CBD or other cannabinoids were not present in the food supply, marketed prior to October 15, 1994, and/or are not otherwise permissible for use as a dietary ingredient, may have a material adverse effect upon the Company and its business. Moreover, the FDA's continued and widespread enforcement of the IND Preclusion based on the FDA's interpretation of the FD&C Act may have a material adverse effect upon the Company and its business.

Notably, the FDA has stated that given the "substantial public interest in marketing and accessing CBD in food, including dietary supplements," the FDA "is committed to evaluating the regulatory frameworks for non-drug uses, including products marketed as foods and dietary supplements." The FDA has also stated that "[t]he statutory provisions that currently prohibit marketing CBD in these forms also allow the FDA to issue a regulation creating an exception, and some stakeholders have asked that the FDA consider issuing such a regulation to allow for the marketing of CBD in conventional foods or as a dietary supplement, or both." It is unclear whether the FDA will in fact issue such a regulation. In connection with the Further Consolidated Appropriations Act, 2020 (the "**FCAA 2020**"), Congress included "$2,000,000 for research, policy evaluation, market surveillance, issuance of an enforcement discretion policy, and appropriate regulatory activities with respect to products under the jurisdiction of the FDA which contain CBD and

meet the definition of hemp" pursuant to the 2018 Farm Bill. Congress also established an expectation for the FDA to provide, within sixty (60) days of the enactment of the FCAA 2020, "a report regarding the [FDA's] progress toward obtaining and analyzing data to help determine a policy of enforcement discretion and the process in which CBD meeting the definition of hemp will be evaluated for use in products" and to perform "a sampling study of the current CBD marketplace to determine the extent to which products are mislabeled or adulterated," and issue a report regarding the same, within 180 days of the enactment of the FCAA 2020. On March 5, 2020, the FDA issued the first report to Congress in connection with the FCAA and published a statement to update the public on its work to date on CBD. This update enumerates the various factors the FDA continues to consider and evaluate in relation to hemp-derived CBD products, and notes the agency has indefinitely re-opened a public docket on products containing cannabis-derived compounds in order to more efficiently collect safety data and other information related to hemp-derived CBD products. The report and update both state that the FDA is currently evaluating a risk-based enforcement policy for CBD; however, they made no immediate change to the status quo. The FDA did not provide any specifics as to whether or when it will release an enforcement policy or what such a policy would contain. The agency stated that "[a]ny enforcement policy would need to further the goals of protecting the public and providing more clarity to industry and the public regarding the FDA's enforcement priorities while we take potential steps to establish a clear regulatory pathway". The update also states that the FDA will continue to take action against unlawful CBD products that pose a risk of harm to the public, including but not limited to products marketed with claims of therapeutic benefits, products marketed with false statements (such as omitted ingredients and incorrect statements about CBD content), products with contaminants (such as heavy metals or high levels of THC), and products marketed to vulnerable populations (such as children and infants) or that otherwise put the public at risk.

Other than the possible non-compliance with the FDA's interpretation of the law as stated above, the Company believes it and its supplies are in compliance with applicable law and has not received any citations or notices of violation which may have an impact on the Company's business activities or operations.

TOKI is currently using third party manufacturing for production of all its CBD products for distribution in United States.

Canadian Law

The Company does not currently manufacture or distribute any products in Canada.

European Law

As reported by the European Industrial Hemp Association ("**EIHA**"), there is no or only a patchwork of CBD regulation in Europe. In contrast to tetrahydrocannabinol (THC), natural CBD is not psychotropic and non-intoxicating. Therefore, the EIHA believes it is just and reasonable that CBD is not covered by the national narcotic acts or drug regulations of the 27 EU Member States (from 28 with the exception of Slovakia) and that CBD is not restricted by any EU legislation. However, regarding CBD-containing hemp extracts, the situation is not as clear as for CBD as a pure substance, because it could also contain THC, which is covered by national narcotics acts in EU Member States.

The Health Products Regulatory Authority of Ireland (the "**HPRA**") published a report dated January 31, 2017, entitled "*Cannabis for Medical Use – A Scientific Study*". It defined CBD as: Non-psychotogenic constituent of cannabis, sedative and anti-convulsant properties. CBD does not act via the endocannabinoid system. It was noted that CBD is not controlled under the *Misuse of Drugs Regulations, 1988*, as amended, the major piece of legislation with governs the EU Member States.

TOKI is currently using third party manufacturing for production and distribution of it CBD products in European markets.

Brazil Law

Brazil is an Exceptional Use jurisdiction. Companies can only send those products to patients in Brazil that are registered with Brazilian Health Surveillance Agency (Agência Nacional de Vigilância Sanitária ("**ANVISA**"), the Brazilian governmental authority. ANVISA was created on January 26, 1999, by Law No. 9,782. It is a governmental regulatory agency characterized by its administrative independence, financial autonomy, and the stability of its directors. ANVISA is governed by a Collegiate Board of Directors composed of five members. In the federal public administrative structure, the agency is connected to the Ministry of Health, Brazil, with whom a periodic management contract is signed.

On March 18, 2016, ANVISA enacted a resolution which was published in the country's Official Gazette on March 21, 2016. The resolution allows the prescription and the import of products containing CBD or THC in their formulation. The authorization to import these products is granted to individuals for their own exclusive use in health care, and the import must meet all the legal provisions including those relating to good manufacturing practices. The patient or a legal guardian must apply to ANVISA (on the proper form) for exceptional authorization to import and use the product. Along with the form, the person must also include the prescription, a medical report, and a statement of responsibility and clarification signed by the physician and the patient or a legal guardian. In addition, the products to be imported must be legally authorized and manufactured in their countries of origin. A patient's registration is valid for one year and can be renewed, if it is necessary.

The regulatory requirements in Brazil are extremely complex. TOKI works with consultants, regulatory and medical specialists to meet the requirements. TOKI currently has approvals for 3 product lines in Brazil.

TOKI is using third party manufacturing for production and distribution of its CBD Products in Brazil.

Risk Factors

Ownership of the Company's common shares is subject to certain risks. Shareholders should consider the risks set forth below, which are in addition to the usual risks associated with an investment in a business at a relatively early stage of development. The directors of TOKI consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with TOKI's business, actually occur, TOKI's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Limited operating history

TOKI is subject to many risks common to early stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of substantial revenues. There is no assurance that TOKI will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its relatively early stage of operations. TOKI has no history of earnings. Because TOKI has a relatively limited operating history in emerging area of business, you should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

Historically TOKI has financed its operations through equity and convertible debt financing. While TOKI has begun to generate revenues, these revenues are not currently sufficient to support TOKI's existing operation or expansion. There is no assurance TOKI will be able to maintain the current level of revenue or access further equity. If TOKI is

unable to sustain or grow its revenue and not be able to attract further equity financing, TOKI would suffer significant financial damage.

TOKI's future growth will depend substantially on its ability to address these and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

COVID-19 Pandemic

The Company's business could be materially and adversely affected by the outbreak of a widespread epidemic or pandemic or other public health crisis, including arising from the novel strain of the coronavirus known as "COVID-19." A local, regional, national or international outbreak of a contagious virus, including the novel coronavirus, COVID-19 could cause staff shortages, reduced customer demand, supply shortages, and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company.

In late 2019, COVID-19 was first detected in Wuhan, China. Since then, the virus has spread to over 100 countries. During March 2020, many governments ordered all but certain essential businesses closed and imposed significant limitations on the circulation of the populace. Furthermore, certain illnesses may be transmitted through human or surface contact, and the risk of contracting such illnesses could cause employees and customers to avoid gathering in public places, as was the case in many places during the ensuing months due to concerns about the coronavirus. This could adversely affect the Company's ability to adequately staff and supply its facilities. The Company could be adversely affected if governments under which it or its suppliers operate impose mandatory closures, seek voluntary closures, or impose restrictions on operations.

The Company's ability to successfully operate and sell its products and services will depend on the whether it and its customers and suppliers are able to continue to operate, and the nature of restrictions on such operations. Depending on the duration and severity of the current COVID-19 pandemic, or if there is a resurgence of the COVID-19 pandemic, different or additional operating restrictions may be imposed on the Company, its customers and suppliers, and consumers of marijuana products. Such restrictions may negatively impact the Company's ability to maintain operations and the market for the Company's products. At the time of this MD&A it is unclear as to whether COVID-19 represents a material disruption of TOKI's business as clinical operations have resumed.

Additional financing

The Company will need to raise significant additional funds in order to support its growth, develop new products, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. It will require additional financing in order to meet its plans for expansion. The Company cannot be sure that this additional financing will be available on acceptable terms, or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders.

Access to public and private capital and financing may be negatively impacted by many factors including global volatility and market turmoil generally. Such factors may impact the Company's ability to obtain debt and equity financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility and market turmoil persist, the Company's operations and financial condition could be adversely impacted.

Additionally, under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. As a result, the Company may have limited or no access to banking or other

financial services in the United States. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Changes to State Laws Pertaining to Hemp

The 2018 Farm Bill provides that each state must develop a plan regarding the cultivation and sale of Hemp and submit such plan to the USDA for approval. If a state does not elect to devise a hemp regulatory program, the USDA will develop a program under which Hemp cultivators in such states can apply for licenses. Continued development of the Hemp industry will be dependent upon new legislative authorization of Hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the Hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action at the state and federal levels, numerous factors may impact or negatively affect the legislative process(es) within the various states the Company intends to pursue its business interests in. Any one of these factors could slow or halt use of Hemp or CBD, which would negatively impact the Company's plans for business or growth, including possibly causing us to discontinue operations as a whole.

Changes to Federal Laws Pertaining to Hemp

Federal regulations under the 2018 Farm Bill have not yet been promulgated. There is no guarantee that such regulations will be on terms favourable to the Company's business. Should the regulations result in stricter requirements on the Company than those of the 2014 Farm Bill, such changes could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with Numerous Laws and Regulations

The production, labeling and distribution of the products that the Company distributes are regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future. The FDA regulates the Company's products to ensure that the products are not adulterated or misbranded.

The Company will be subject to regulation by various agencies as a result of the sale of its hemp-based CBD wellness products. The shifting compliance environment and the need to build and maintain robust systems to comply with different regulations in multiple jurisdictions increases the possibility that the Company may violate one or more of the requirements. If the Company's operations are found to be in violation of any of such laws or any other governmental regulations, or perceived to be in violation, the Company may be subject to penalties or other negative effects, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications (including those regulatory regimes outside of the scope of FDA jurisdiction, but which may rely on the positions of the FDA in the application of its regulatory regime), any of which could adversely affect the Company's business and financial results.

Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Company's advertising is subject to regulation by the Federal Trade Commission ("**FTC**") under the Federal Trade Commission Act as well as subject to regulation by the FDA under the U.S. Dietary Supplement Health and Education Act of 1994 (DSHEA). In recent years, the FTC has initiated numerous investigations of dietary and nutritional supplement products and companies based on allegedly deceptive or misleading claims. At any point, enforcement strategies of a given agency can change as a result of other litigation in the space or changes in political landscapes, and could result in increased enforcement efforts, which would materially impact the Company's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Private litigants may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Any actions against the Company by governmental authorities or private litigants could have a material adverse effect on the Company's business, financial condition and results of operations.

EVR products may not be sold as dietary supplements

The Company markets some of its EVR CBD products as dietary supplements, consistent with the industry. This may not be legal under current United States Food and Drug Administration guidelines. This could slow or halt the sale of the Company's CBD products.

Reliance on securing agreements with Licensed Suppliers

TOKI currently relies on third parties for its supply of CBD in the targeted jurisdictions that have been able to obtain a license to grow industrial hemp from the appropriate regulatory authorities. Failure of a licensed supplier to comply with the requirements of their license or any failure to maintain their license would have a material adverse impact on the supply of materials and therefore the business, financial condition and operating results of TOKI.

Changes in Laws, Regulations and Guidelines

The activities of TOKI are subject to regulation by governmental authorities. Achievement of TOKI's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. TOKI cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of TOKI.

TOKI's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. TOKI cannot predict the nature of any future laws, regulations, interpretations, policies or applications, nor can it determine what effect additional governmental regulations or administrative interpretations or procedures, when and if promulgated, could have on TOKI's operations.

Changes to such laws, regulations and guidelines due to matters beyond the control of TOKI may cause adverse effects to TOKI's operations.

Local, state, federal and international laws and regulations governing cannabis for medicinal and adult use purposes are broad in scope and are subject to evolving interpretations, which could require TOKI to incur substantial costs associated with bringing TOKI's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt TOKI's operations and result in a material adverse effect on its financial performance. It is beyond TOKI's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations or applications, nor can TOKI determine what effect such changes, when and if promulgated, could have on TOKI's business.

Product liability, operational risk

As a manufacturer and distributor of products designed to be ingested by humans, the licensed suppliers and TOKI face 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 manufacture and sale of cannabis-infused products based on TOKI's recipes and brands involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of TOKI's and the licensed supplier's products alone or in combination with other medications or substances could occur.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products developed by TOKI are recalled due to an alleged product defect or for any other reason, TOKI could be required to incur the unexpected expense relating to the recall and any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention and could harm the image of the brand and Company.

Uninsurable risks

The medical and retail cannabis business is subject to several risks that could result in damage to or destruction of properties or facilities or cause personal injury or death, environmental damage, delays in production and monetary losses and possible legal liability. It is not always possible to fully insure against such risks, and TOKI may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of TOKI. TOKI does not currently have any insurance policies covering its properties or the operation of its business and any liabilities that may arise as a result any of the above noted risks may cause a material adverse effect on the financial condition of TOKI.

Reliance on management

The success of TOKI is currently dependent on the performance of its senior management. The loss of the services of these persons would have a material adverse effect on TOKI's business and prospects in the short term. There is no assurance TOKI can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on TOKI and its prospects.

Factors which may prevent realization of growth targets

TOKI is currently in the development stage. There is a risk that the additional resources will be needed, and milestones will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following as it relates to TOKI and its licensed suppliers:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution;
- non-performance by third party contractors;
- increases in materials or labour costs;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

Risks associated with increasing competition

The cannabis industry is highly competitive. TOKI will compete with numerous other businesses in the medicinal and adult use industry, many of which possess greater financial and marketing resources and other resources than TOKI. The cannabis business is often affected by changes in consumer tastes and discretionary spending patterns, national and regional economic conditions, demographic trends, consumer confidence in the economy, traffic patterns, local competitive factors, cost and availability of raw material and labour, and governmental regulations. Any change in these factors could materially and adversely affect TOKI's operations.

TOKI expects to face additional competition from new entrants. If the number of legal users of cannabis in its target jurisdiction increases, the demand for products will increase and TOKI expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

Environmental and employee health and safety regulations

TOKI's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. TOKI will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and

regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated evets could require extensive changes to TOKI's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of TOKI.

Difficult to forecast

TOKI must rely largely on its own market research and its interpretation of third-party data to forecast sales of its CBD products as detailed forecasts are not generally obtainable from other sources at this relatively early stage of the cannabis industry in Canada, the U.S. and internationally. A failure in the demand for its products to materialize as a result of competition, technological change, market acceptance or other factors could have a material adverse effect on the business, results of operations and financial condition of TOKI.

Management of growth

TOKI may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of TOKI to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of TOKI to deal with this growth may have a material adverse effect on TOKI's business, financial condition, results of operations and prospects.

Dividends

TOKI has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by TOKI would be subject to tax and, potentially, withholdings.

Scientific research related to the benefits of cannabis remains in early stages, is subject to several important assumptions and may prove to be inaccurate.

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in the relatively early stages, however, clinical trials are being held at a steadily increasing pace and certain applications have even been approved for use in children. Any statements concerning the potential medical benefits of cannabinoids are based on published articles and reports. As a result, any statements made herein are subject to the experimental parameters, qualifications, assumptions and limitations in the studies that have been completed.

Although TOKI believes that the articles and reports, and details of research studies and clinical trials that are publicly available reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this prospectus or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could materially impact TOKI.

Negative publicity or consumer perception may affect the success of our business.

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis. Both the medical and recreational use of cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and recreational cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of cannabis, whether in Canada, the United States or elsewhere, may have a material adverse effect on our operational results, consumer base and financial results. Among other things, such a shift in public opinion could cause state

jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which TOKI could identify potential acquisition opportunities.

Certain events or developments in the cannabis industry more generally may impact TOKI's reputation.

Damage to TOKI's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that our business might attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the reputation of TOKI. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to TOKI and its activities, whether true or not and the cannabis industry in general, whether true or not. TOKI does not ultimately have direct control over how it or the cannabis industry is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to TOKI's overall ability to advance its business strategy and realize on its growth prospects, thereby having a material adverse impact on TOKI.

Risks related to loss of foreign private issuer status in the United States

Upon completion of the Transaction the Company will be a "foreign private issuer" under United States securities laws. If the Company were to lose such status, it may have adverse consequences on the Company's ability to raise capital in private placements or Canadian prospectus offerings and could potentially require the Company to become subject to the reporting requirements of the United States Securities and Exchange Commission, which would result in increased reporting requirements and increased audit, legal and administration costs. These increased costs may significantly affect the Company's results of operations and profitability *are U.S. tax risks*

It is anticipated that Section 7874(b) of the U.S. Internal Revenue Code ("**Code**") will apply to treat the Company as a U.S. domestic corporation for U.S. federal income tax purposes. If, as anticipated, Section 7874(b) were to apply, the Company would be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income and any dividends paid by the Company to Non-U.S. holders may be subject to U.S. federal income tax withholding at a 30% rate or such lower rate as provided in an applicable treaty.

Moreover, because the Company's common shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a "Non-U.S. Holder" of Company Shares.

The transactions contemplated herein may result in an "ownership change" of Company within the meaning of the United States federal income tax laws addressing net operating loss carry-forwards, alternative minimum tax credits and other similar tax attributes. If an ownership change occurs, there will be specific limitations on the ability to use net operating loss carry-forwards and other tax attributes from periods prior to the Business Combination. It is possible that such limitations could limit Company's ability to utilize such tax attributes and, therefore, result in an increase in Company's United States federal income tax liability. In addition, it is possible that all or a portion of Company's net operating loss carry-forwards may expire before they can be utilized.

Prospective investors should discuss the tax consequences of acquiring, holding and disposing of common shares of the Company with their own tax advisors.

Potential Adverse Tax Consequences from the Payment of Dividends on the Company's Shares

The Company does not contemplate paying any dividends on the Company's common shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States Tax Convention. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. After giving effect to the Transaction, it is anticipated that the Company will be a U.S. corporation

for U.S. federal income tax purposes. As such, dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally would not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and would also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

ADDITIONAL INFORMATION:

Additional information relating to the Company including the Financial Statements, and press releases issued by the Company, are available under the Company's profile on SEDAR at www.sedar.com.