

**Unaudited Interim Condensed Consolidated Financial Statements**

**Tree of Knowledge International Corp.**

**For the Nine Months Ended September 30, 2020 and 2019**

**(expressed in US Dollars)**

# Tree of Knowledge International Corp.

## Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine months ended September 30, 2020 and 2019

(Expressed in US Dollars)

	Note	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 880,559	\$ 63,432
Accounts receivable	4	1,667,064	302,060
Inventory		5,085,232	16,248
Prepaid expenses		2,411,347	31,849
<b>Total Current Assets</b>		<b>10,044,202</b>	<b>413,589</b>
<b>Non-Current Assets</b>			
Property and equipment	5	457,331	525,797
Intangible assets, net	8	7,296,016	7,859,774
Right-of-use assets	7	860,111	1,633,126
<b>Total Non-Current Assets</b>		<b>8,613,458</b>	<b>10,018,697</b>
<b>Total Assets</b>		<b>\$ 18,657,660</b>	<b>\$ 10,432,286</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 12,766,962	\$ 1,993,377
Notes payable to shareholders	10	566,784	566,784
Lease liability – current portion	6	166,290	235,880
<b>Total Current Liabilities</b>		<b>13,500,036</b>	<b>2,796,041</b>
<b>Non-Current Liabilities</b>			
Lease liability	6	772,974	1,449,395
Government Loans – Covid relief		59,974	-
Convertible Debentures		449,809	1,449,395
<b>Total Liabilities</b>		<b>14,782,793</b>	<b>4,245,436</b>
<b>Shareholders' Equity</b>			
Share capital		42,673,431	41,959,014
Equity reserves		4,637,417	3,655,554
Contributed surplus		1,763,651	1,715,335
Accumulated other comprehensive income		849,848	1,002,572
Accumulated deficit		(46,049,480)	(42,145,625)
<b>Total Shareholders' Equity</b>		<b>3,874,867</b>	<b>6,186,850</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 18,657,660</b>	<b>\$ 10,432,286</b>

Approved on behalf of the Board:

(signed) – "Ommid John Faghani"

(signed) – "Scott Reeves"

# Tree of Knowledge International Corp.

## Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

For the nine months ended September 30, 2020 and 2019

(Expressed in US Dollars)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
<b>Revenue</b>				
Health care services	\$ 1,044,799	\$ 1,217,437	\$ 3,300,389	\$ 3,611,665
Sale of products	68,151	109,582	2,651,186	552,115
<b>Total Revenue</b>	<b>1,112,950</b>	<b>1,327,019</b>	<b>5,951,575</b>	<b>4,163,780</b>
<b>Cost of sales</b>				
Cost of healthcare services	730,510	727,127	2,279,593	2,117,784
Cost of products	16,099	62,939	1,798,209	387,284
<b>Total cost of sales</b>	<b>746,609</b>	<b>790,066</b>	<b>4,077,802</b>	<b>2,505,068</b>
<b>Gross profit</b>	<b>366,341</b>	<b>536,953</b>	<b>1,873,773</b>	<b>1,658,712</b>
<b>Expenses</b>				
Depreciation and amortization	176,084	328,383	519,790	958,153
Interest	48,945	51,215	144,806	144,266
Office and general	10,832	304,129	247,132	1,001,550
Professional fees	122,255	92,342	255,217	693,710
Research and development	32,569	-	64,618	-
Salaries, benefits, commissions and consulting	165,082	299,684	2,757,113	1,067,275
Share based compensation	183,182	1,328,988	924,746	2,651,234
Travel and promotion	25,645	53,237	159,506	256,002
<b>Total expenses</b>	<b>764,594</b>	<b>2,457,978</b>	<b>5,076,928</b>	<b>6,772,210</b>
<b>Loss before the following items</b>	<b>(398,253)</b>	<b>(1,921,025)</b>	<b>(3,203,155)</b>	<b>(5,113,498)</b>
Foreign exchange gain (loss)	(542)	1,216	5,073	(3,881)
Gain on lease modification	32,108	-	32,108	-
Interest income	128	2,334	617	20,686
Listing costs	-	-	(738,498)	-
<b>Net loss</b>	<b>\$ (366,559)</b>	<b>\$ (1,917,475)</b>	<b>\$ (3,903,855)</b>	<b>\$ (5,096,693)</b>
<b>Other comprehensive income</b>				
Foreign currency translation adjustment	1,640	68,204	152,724	68,569
<b>Comprehensive loss</b>	<b>\$ (364,919)</b>	<b>\$ (1,849,271)</b>	<b>\$ (3,751,131)</b>	<b>\$ (5,028,124)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.001)</b>	<b>\$ (0.009)</b>	<b>\$ (0.016)</b>	<b>\$ (0.024)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>	<b>251,162,826</b>	<b>219,500,546</b>	<b>240,041,347</b>	<b>212,788,933</b>

# Tree of Knowledge International Corp.

## Unaudited Interim Consolidated Statement of Changes in Shareholders' Equity

Nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars)

	Number of common shares	Share capital	Equity reserves	Contributed surplus	Shares to be cancelled	Accumulative. Other Comprehensive Income	Accumulated Deficit	Total
<b>Balance at December 31, 2018</b>	201,896,623	\$ 40,735,390	\$ 2,644,704	\$ -	\$ (1,000,000)	\$ 289,030	\$ (24,513,569)	\$ 18,155,555
Shares and warrants issued for cash	12,217,362	811,336	485,135	-	-	-	-	1,296,471
Shares issued for services	5,700,000	622,616	-	-	-	-	-	622,616
Shares and warrants issued for services	2,391,607	240,521	154,700	-	-	-	-	395,221
Shares issued for intangible asset	4,036,362	502,035	-	-	-	-	-	502,035
Shares issued on the exercise of warrants	226,904	27,601	(2,034)	-	-	-	-	25,567
Shares issued on the exercise of options	100,000	19,515	(10,949)	-	-	-	-	8,566
Cancellation of shares	(1,720,000)	(1,000,000)	-	-	1,000,000	-	-	-
Share based compensation for options and performance warrants	-	-	2,099,333	-	-	-	-	2,099,333
Forfeiture of options	-	-	(201,801)	201,801	-	-	-	-
Expiration of warrants	-	-	(901,335)	901,335	-	-	-	-
Forfeiture of performance warrants	-	-	(612,199)	612,199	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	713,542	-	713,542
Net loss for the year	-	-	-	-	-	-	(17,632,056)	(17,632,056)
<b>Balance at December 31, 2019</b>	224,848,858	\$ 41,959,014	\$ 3,655,554	\$ 1,715,335	\$ -	\$ 1,002,572	\$ (42,145,625)	\$ 6,186,850
Shares and warrants issued for Cash	3,532,000	94,869	35,015	-	-	-	-	129,883
Shares and warrants issued for services	2,857,142	77,396	27,661	-	-	-	-	105,057
Shares issued for Joint Venture	20,000,000	713,521	-	-	-	-	-	713,521
Share based payments	-	-	796,135	-	-	-	-	796,135
Allocation of warrant value to common shares units	-	(171,368)	171,368	-	-	-	-	-
Expiration of warrants	-	-	(48,316)	48,316	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	(152,724)	-	(152,724)
Total loss for the period	-	-	-	-	-	-	(3,903,855)	(3,903,855)
<b>Balance at September 30, 2020</b>	251,328,000	\$ 42,673,431	\$ 4,637,417	\$ 1,763,651	\$ -	\$ 849,848	\$ (46,049,480)	\$ 3,874,867

The accompanying notes are an integral part of these consolidated financial statements

Tree of Knowledge International Corp.  
**Unaudited Interim Consolidated Statements of Cash Flows**  
(Expressed in US Dollars)

For the nine months ended September 30,	2020	2019
<b>OPERATING ACTIVITIES</b>		
Net Loss	\$ (3,903,855)	\$ (5,096,693)
<b>Items not requiring an outlay of cash:</b>		
Depreciation	494,692	958,153
Interest	143,670	136,731
Salary, benefits and consulting costs – noncash portion	-	-
Share based compensation	823,796	2,651,234
<b>Changes in non-cash working capital:</b>		
Trade and other receivables	(1,365,004)	155,322
Inventory	(5,068,984)	98,799
Other current assets	(2,379,498)	(260,738)
Accounts payable and accrued liabilities	10,773,585	(554,951)
Termination of lease	(46,976)	-
Advances from shareholders	-	112,679
<b>Cash Flow From (Used in) Operating Activities</b>	<b>(451,178)</b>	<b>(1,799,466)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(5,453)	(241,952)
<b>Cash Used in Investing Activities</b>	<b>(5,453)</b>	<b>(241,952)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liability	(190,407)	(190,897)
Proceeds from Government Loan	59,974	-
Proceeds from Convertible Debenture	449,809	-
Proceeds from issuance of shares and warrants	129,884	1,120,676
Proceeds from exercise of warrants	-	25,567
Proceeds from exercise of options	-	8,566
Gain on termination of lease	32,108	-
Shares issued for Joint Venture	713,521	-
<b>Cash Flow Provided by Financing Activities</b>	<b>1,194,889</b>	<b>963,912</b>
<b>Net increase (decrease) in cash</b>	<b>738,258</b>	<b>(1,077,506)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>78,869</b>	<b>15,313</b>
<b>Cash at beginning of year</b>	<b>63,432</b>	<b>1,466,905</b>
<b>Cash at end of period</b>	<b>\$ 880,559</b>	<b>\$ 404,712</b>

The accompanying notes are an integral part of these consolidated financial statements

# **TREE OF KNOWLEDGE INTERNATIONAL CORP.**

**(formerly Courtland Capital, Inc.)**

**Notes to the Unaudited Interim Consolidated Financial Statements**

**For the nine months ended September 30, 2020 and year ended 2019**

(Expressed in US Dollars unless otherwise stated)

---

## **1) Nature of Operations and Going Concern**

---

Tree of Knowledge International Corp. ("Tree of Knowledge", or "TOKI", formerly Courtland Capital Inc. or "Courtland") is incorporated under the Business Corporations Act in the Province of British Columbia. TOKI and its subsidiaries (collectively referred to as the "Company") produce and distribute hemp-based cannabidiol ("CBD") products, which includes premium industrial hemp-derived CBD oil, tinctures, capsules and vape pens. The Company also operates a business in the field of medicine focused on chronic pain management serving the Greater Toronto Area. The Company's shares are publicly listed on the Canadian Securities Exchange ("CSE") under the symbol "TOKI" in Canada and on the OTC Markets in the United States under the symbol "TRKWF" (see Note 25(k)). The address of the Company's registered office is 209-5460 Yonge Street, Toronto, ON, M2N 6K7, Canada.

These unaudited interim condensed 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 has a net loss for the nine months ended September 30, 2020 of \$3,903,855 (2019 - \$5,096,693) and negative cash flows from operating activities of 451,178 \$ (2019 - \$1,799,466 of negative cash flow). In addition, as at September 30, 2020 the Company has an accumulated deficit of \$46,049,480 (December 31, 2019 - \$42,145,625 of accumulated deficit) and working capital deficiency of \$ 3,455,834 (December 31, 2019 - \$2,382,452 of working capital deficiency). These conditions indicate the existence of material uncertainties which cast significant doubt about the Company's ability to continue as a going concern.

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.

## **2) Basis of Preparation**

---

### **Statement of compliance**

These unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 ("financial statements"), including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved and authorized by the Board of Directors on November , 2020.

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

---

## Basis of measurement

These financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2019 annual financial statements.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in US dollars unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

## 3) Significant Accounting Policies

---

These financial statements are comprised of the accounts of the Company and its subsidiaries. These financial statements have been prepared using accounting policies consistent with those used in the annual consolidated financial statements.

## 4) Accounts Receivable

---

The following is a breakdown of accounts receivable: :

<b>As at</b>	September 30, 2020	December 31, 2019
Trade receivable	\$ 1,612,774	\$ 331,669
Loan receivable – Lupos (i)	-	-
Advance – Phalanx and NYSK (ii)	-	-
Other receivables	214,064	131,717
Expected credit losses	(159,774)	(161,326)
<b>Total</b>	<b>\$ 1,667,064</b>	<b>\$ 302,060</b>

The credit risk on the receivables has been further discussed in Note 17. The Company holds no collateral for any receivable amounts outstanding as at September 30, 2020 and December 31, 2019.

## TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

### 5) Property and equipment

The following is a breakdown of activity in property and equipment:

<b>Cost</b>	<b>Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Balance, December 31, 2018</b>	<b>\$ 569,495</b>	<b>\$ 438,466</b>	<b>\$ 1,007,961</b>
Additions	18,001	235,722	253,723
Impairment	(490,846)	(190,215)	(681,061)
Impact of foreign exchange	4,785	13,268	18,053
<b>Balance, December 31, 2019</b>	<b>101,435</b>	<b>497,241</b>	<b>598,676</b>
Additions	5,453	-	5,453
Impact of Foreign exchange	(2,587)	(13,084)	(15,671)
<b>Balance, September 30, 2020</b>	<b>\$ 104,301</b>	<b>\$ 484,157</b>	<b>\$ 588,458</b>

  

<b>Accumulated Depreciation</b>	<b>Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Balance, December 31, 2018</b>	<b>\$ 179,118</b>	<b>\$ 69,093</b>	<b>\$ 248,211</b>
Depreciation	157,428	82,841	240,269
Impairment	(313,266)	(105,015)	(418,281)
Impact of foreign exchange	1,419	1,261	2,680
<b>Balance, December 31, 2019</b>	<b>24,699</b>	<b>48,180</b>	<b>72,879</b>
Depreciation	18,857	40,410	59,267
Impact of Foreign exchange	(364)	(655)	(1,019)
<b>Balance, September 30, 2020</b>	<b>\$ 43,192</b>	<b>\$ 87,935</b>	<b>\$ 131,127</b>

  

<b>Net Book Value</b>	<b>Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
December 31, 2018	\$ 390,377	\$ 369,372	\$ 759,750
December 31, 2019	\$ 76,736	\$ 449,061	\$ 525,797
September 30, 2020	<b>\$ 61,109</b>	<b>\$ 396,222</b>	<b>\$ 457,331</b>



# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

## 6) Lease Liability

The following details the Company's lease liability:

<b>Balance, January 1, 2019</b>	<b>\$</b>	<b>-</b>
Adoption of IFRS 16		1,788,560
Additions during the year		154,230
Interest expenses on lease liability		210,486
Rent payments		(329,291)
Derecognition		(216,893)
Impact of foreign exchange		78,183
<b>Balance, December 31, 2019</b>	<b>\$</b>	<b>1,685,275</b>
Interest expenses on lease liability		143,670
Rent payments		(190,407)
Termination of lease		(654,220)
Impact of foreign exchange		(45,054)
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>939,264</b>
Current portion		166,290
Non-current portion		772,974
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>939,264</b>

When measuring the lease obligation, the Company discounted the remaining lease payments using its incremental borrowing rate which is 12% per annum.

## 7) Right-of-use Assets

The Company recognized right-of-use assets for its premises lease and equipment leases as following:

<b>Right-of-use Assets</b>	<b>Premises</b>	<b>Equipment</b>	<b>Total</b>
<b>Balance, January 1, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Adoption of IFRS 16	1,805,722	-	1,805,722
Additions during the year	-	154,960	154,960
Depreciation	(180,158)	(19,819)	(199,976)
Impairment	(205,141)	-	(205,141)
Impact of foreign exchange	74,637	2,924	77,561
<b>Balance, December 31, 2019</b>	<b>\$ 1,495,061</b>	<b>\$ 138,065</b>	<b>\$ 1,633,126</b>
Depreciation	(83,812)	(25,098)	(108,910)
Termination of lease	(610,241)	-	(610,241)
Impact of foreign exchange	(49,851)	(4,013)	(53,864)
<b>Balance, September 30, 2020</b>	<b>\$ 751,157</b>	<b>\$ 108,954</b>	<b>\$ 860,111</b>

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

## 8) Intangible assets

The following is a breakdown of activity in intangible assets:

Cost	Intellectual Property Licenses	Patent	Patient Relationships	Strategic Alliance Agreement	Brand Names	Total
<b>Balance, December 31, 2018</b>	<b>\$ 315,000</b>	<b>\$ -</b>	<b>\$ 2,941,136</b>	<b>\$ 3,402,131</b>	<b>\$ 4,509,546</b>	<b>\$ 11,167,813</b>
Additions	-	502,035	-	-	-	502,035
Impairments	(315,000)	-	-	(3,498,380)	-	(3,813,380)
Impact of Foreign Exchange	-	10,746	148,639	96,249	227,904	483,538
<b>Balance, December 31, 2019</b>	<b>\$ -</b>	<b>\$ 512,781</b>	<b>\$ 3,089,775</b>	<b>\$ -</b>	<b>\$ 4,737,450</b>	<b>\$ 8,340,006</b>
Impact of Foreign Exchange	-	(13,493)	(81,304)	-	(124,660)	(219,457)
<b>Balance, September 30, 2020</b>	<b>\$ -</b>	<b>\$ 499,288</b>	<b>\$ 3,008,471</b>	<b>\$ -</b>	<b>\$ 4,612,790</b>	<b>\$ 8,120,549</b>
<b>Accumulated Amortization</b>						
<b>Balance, December 31, 2018</b>	<b>\$ 52,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,500</b>
Amortization	63,000	90,19	378,043	349,838	-	882,900
Impairments	(115,500)	-	-	(349,838)	-	(465,338)
Impact of Foreign Exchange	-	(1,991)	(8,179)	-	-	(10,170)
<b>Balance, December 31, 2019</b>	<b>\$ -</b>	<b>\$ 94,010</b>	<b>\$ 386,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 480,232</b>
Amortization	-	73,776	277,837	-	-	351,613
Impact of Foreign Exchange	-	(1,357)	(5,956)	-	-	(7,313)
<b>Balance, September 30, 2020</b>	<b>\$ -</b>	<b>\$ 166,429</b>	<b>\$ 658,103</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 824,532</b>
<b>Net Book Value</b>						
December 31, 2018	\$ 262,500	\$ -	\$ 2,941,136	\$ 3,402,131	\$ 4,509,546	\$ 11,115,313
December 31, 2019	\$ -	\$ 418,771	\$ 2,703,553	\$ -	\$ 4,737,450	\$ 7,859,774
<b>September 30, 2020</b>	<b>\$ -</b>	<b>\$ 332,858</b>	<b>\$ 2,350,368</b>	<b>\$ -</b>	<b>\$ 4,612,790</b>	<b>\$ 7,296,016</b>

### (i) Intellectual property – Licenses

The Company holds licenses for certain packaging of and dispensing products for CBD oils. The intellectual property is licensed until 2023. Payments of \$150,000 in cash and \$165,000 in shares of the Company's common stock were made in the year ended December 31, 2018.

### (ii) Patent

On January 29, 2019, the Company acquired a patent through the issuance of 4,036,362 common shares. The shares were issued at CAD\$0.165 per share for total consideration of \$502,035 (CAD\$666,000).

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

---

## (iii) Patient Relationships

The Company acquired Asterion's continuing operations including its relationships with patients. The Company utilized a Multi-Period Excess Earnings Method ("MEE Method") in arriving at the fair value of Patient Relationships. Such an approach was deemed appropriate as Asterion has existing recurring revenues from its patient base and is projecting continued revenues and net income going forward. Further, such an approach considers the value of the cash flows that will be available to the Company from the existing patient base.

## (iv) Strategic Alliance Agreement

The Company acquired Asterion's existing strategic alliance agreement ("JNMI Agreement") with Jack Nathan Medical Inc. ("JNMI"). With the JNMI Agreement, Asterion has access to a healthcare system across Canada for its education and research platform and to implement specialty pain clinics. Management deemed it appropriate to utilize a MEE Method in arriving at the fair value of JNMI Agreement. Such an approach was deemed appropriate as the Company is projecting continued revenues and net income going forward. Further, such an approach considers the value of the cash flows that will be available to the Company from the JNMI Agreement. At December 31, 2019, the Company wrote off the intangible asset as fully impaired. On August 17, 2020, the Company terminated the JNMI Agreement.

## (v) Brand Names

The Company acquired Asterion's subsidiaries' brand names. Management deemed it appropriate to utilize a Relief from Royalty Method in arriving at the fair value of the brand name. The Relief from Royalty Method is based on the proposition that a firm would be willing to pay a royalty in lieu of ownership, to possess the benefits of the brand names.

## 9) Accounts payable and Accrued Liabilities

---

Accounts payable and accrued liabilities are as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Trade payables	\$ 1,713,305	\$ 1,555,742
Payroll related liabilities	48,131	91,029
Accrued liabilities	24,664	22,328
Customer deposits	10,656,583	-
Contingency liability	324,279	324,279
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 12,766,962</b>	<b>\$ 1,993,378</b>

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

## 10) Notes Payable to Shareholders

<b>September 30, 2020</b>	<b>Michael Caridi</b>	<b>Brian Main</b>	<b>Total</b>
Promissory note payable (i)	\$ -	\$ 197,727	\$ 197,727
Grid note payable (ii)	223,218	145,839	77,561
	\$ 223,218	\$ 343,566	\$ 566,784

  

<b>December 31, 2019</b>	<b>Michael Caridi</b>	<b>Brian Main</b>	<b>Total</b>
Promissory note payable (i)	\$ -	\$ 197,727	\$ 197,727
Grid note payable (ii)	223,218	145,839	77,561
	\$ 223,218	\$ 343,566	\$ 566,784

- (i) In April 2018 the Company had a balance due to two founding shareholders and principals of the Company, Michael Caridi and Brian Main, totaling \$790,906. The amounts due consisted of accrued salary, advances, and expenses paid by them on behalf of the Company. The parties agreed to a settlement whereby 50% of the balance was settled with common shares of the Company and 50% was formalized in promissory notes. Michael Caridi and Brian Main each received 416,318 common shares with an aggregate fair value of \$484,090 to settle \$395,453 which represented 50% of the outstanding balance. A loss on settlement of debt of \$88,637 was recognized in the year ended December 31, 2018 for the difference between the fair value of the common shares and amount of debt settlement. The remaining balance of \$395,453 was formalized in promissory notes of \$197,727 to each of the two shareholders. The notes bear no interest bearing and are due on December 31, 2019. In December 2018, Michael Caridi exchanged the note balance of \$197,727 for 1,181,159 common shares of the Company. As at September 30, 2020, the promissory note payable to Brian Main of \$197,727 remains outstanding and is due on demand.
- (ii) On October 1, 2018, the Company and Michael Caridi and Brian Main (the "Lenders") agreed to separate grid promissory notes (the "Notes") whereby the Company promised to pay the Lenders up to an aggregate amount of \$700,000 (Michael Caridi - \$400,000, Brian Main - \$300,000) in amounts due the Lenders for compensation, advances, and other amounts due. The Principal Amounts bear no interest and are repayable in increments of twenty thousand (\$20,000) per month starting January 1, 2019, with any remaining amounts due on or before December 31, 2020, or as otherwise agreed with the Lender. The initial note balances due the Lenders on the date of the agreement totaled \$369,057 which represented all amounts owed to the Lenders for compensation and expenses through September 30, 2018. During the nine months ended September 30, 2020, no payments were made on the Notes. As at September 30, 2020, the Note balances were \$223,218 and \$145,839, respectively, to Michael Caridi and Brian Main.

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

---

## 11) Loss per Share

---

For the nine months ended September 30, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$3,903,855 (2019 – net loss of \$5,096,693) and the weighted average number of common shares outstanding of 240,041,347 (2019 – 212,788,933) for basic and diluted loss per share. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

## 12) Financial Instruments and Financial Risk Management

---

The Company is exposed to minimal credit risk attributable to customers. Additionally, the majority of the Company's cash is in major Canadian and US banks in general interest-bearing accounts.

### (a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation, resulting in financial loss to the Company. Such risks arise primarily from certain financial assets held by the Company consisting of accounts receivable. The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets.

### (b) 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. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company monitors cash on a regular basis and reviews expenses and overhead to ensure costs and commitments are being paid in a timely manner. At September 30, 2020, the Company had a cash balance of \$880,559 (December 31, 2019 - \$63,432).

Accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### (c) 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.

### (d) Currency 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 December 31, 2019, the Company had functional currency of Canadian dollars and US dollars. Management closely monitors the fluctuation of the Company's foreign currency, and management believes the foreign currency exchange risk derived from its other activities is low and therefore does not hedge the foreign currency exchange risk arising from these activities.

# TREE OF KNOWLEDGE INTERNATIONAL CORP.

(formerly Courtland Capital, Inc.)

Notes to the Unaudited Interim Consolidated Financial Statements

For the nine months ended September 30, 2020 and year ended 2019

(Expressed in US Dollars unless otherwise stated)

---

## (e) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and other price risk. The Company currently does not have any financial instruments that would be impacted by changes in market prices as the equity investments have been fully impaired.

## 13) Commitments and Contingencies

---

The Company is committed under several agreements to make future payments for various services and consideration. Minimum annual future payments are approximately as follows:

- (i) As at January 1, 2019, the Company held leases for three premises of its various subsidiaries. On June 1, 2018, the Company entered into a strategic alliance agreement with Jack Nathan Medical Inc. ("JNMI"). The agreement provides the Company the right to operate pain clinics in all JNMI health clinics licensed across Canada. The agreement provides roles and responsibilities for each party in the joint development and implementation of training and education programs. As consideration for entering into this agreement, JNMI was issued 5% of the shares of Asterion, which subsequent to the business combination, resulted in 10,646,693 common shares being issued to JNMI.
- (ii) Implicit within the leases are common area costs for facilities shares between the Company and other tenants of the landlord. Management has elected not to capitalize these amounts as lease payments for right-of-use assets under IFRS 16. For the year ended December 31, 2019, the Company incurred \$66,140 of common area costs. This lease was terminated in September 2020, effective immediately.
- (iii) As of January 15, 2019, the Company entered into a research agreement whereby the Company sponsors the development of new technologies in collaboration with Ryerson University. Under the agreement, the Company has committed to paying \$268,767 over the next two years of which \$32,972 was paid by December 31, 2019.
- (iv) On June 5, 2020, a lawsuit was filed against Kindness and TOK NV in respect of their premises. The companies were evicted from the premises, no longer have access to the property and equipment and effectively ceased operations there. The Company has recognized \$667,421 of impairment of long-lived assets effective December 31, 2019, consisting of the following:

Property and equipment	\$	262,780
Intangible assets		199,500
Right-of-use assets		205,141
<b>Total</b>	<b>\$</b>	<b>667,421</b>

The Company also derecognized the lease liability of \$216,893 associated with the premise and recognized a contingency liability of \$324,279.

# **TREE OF KNOWLEDGE INTERNATIONAL CORP.**

**(formerly Courtland Capital, Inc.)**

**Notes to the Unaudited Interim Consolidated Financial Statements**

**For the nine months ended September 30, 2020 and year ended 2019**

(Expressed in US Dollars unless otherwise stated)

---

- (v) The Company is subject to litigation, claims and governmental and regulatory proceedings arising in the ordinary course of business. The Company accrues a loss contingency for these lawsuits and claims when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. While the outcome of these lawsuits and claims cannot be predicted with certainty, it is the opinion of the Company's management that the loss for any litigation matters and claims that are reasonably possible to occur will not have a material adverse effect, individually or in the aggregate, on its consolidated financial position, cash flows or results of operations.

## **14) Subsequent Events**

---

The Company has evaluated all subsequent events through November 30, 2020, which is the date the financial statements were available to be issued. 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 accompanying financial statements.

(a) 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.