
CB2 INSIGHTS INC.
(formerly 10557404 Canada Corp.)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of CB2 Insights Inc. (formerly 10557404 Canada Corp.) (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2019 have not been reviewed by the Company's auditors.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

	March 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash (note 4)	\$ 1,591,772	\$ 433,833
Inventories	88,046	94,854
Trade and other receivables (note 6)	393,486	297,479
Receivable from related party	-	50,000
Prepaid expenses	95,874	31,364
Total current assets	2,169,178	907,530
Furniture and equipment (note 7)	233,454	238,173
Right-of-use assets (note 8)	1,299,953	-
Computer software and technology (note 9)	1,842,854	1,756,447
Other intangible assets (note 10)	3,737,412	3,907,917
Goodwill (note 10)	3,879,755	3,960,758
Deferred tax	120,267	122,778
Total assets	\$ 13,282,873	\$ 10,893,603
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 499,468	\$ 779,370
Income taxes payable	69,938	8,185
Convertible debentures (note 11)	-	982,490
Lease liabilities (note 13)	652,932	-
Total current liabilities	1,222,338	1,770,045
Promissory note payable (note 12)	3,274,080	3,274,080
Lease liabilities (note 13)	862,748	-
Total liabilities	5,359,166	5,044,125
Shareholders' equity		
Share capital (note 14)	11,274,735	7,794,137
Warrant reserve (note 14)	3,577,233	2,685,560
Option reserve (note 14)	615,451	301,623
Units to be issued	-	75,499
Equity component of convertible debentures (note 11)	-	82,428
Accumulated other comprehensive income	398,406	457,990
Accumulated deficit	(7,942,118)	(5,547,759)
Total shareholders' equity	7,923,707	5,849,478
Total liabilities and shareholders' equity	\$ 13,282,873	\$ 10,893,603

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nature of operations and going concern (note 1)

Subsequent events (note 17)

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

Three months ended March 31,	2019	2018
Revenue	\$ 2,849,811	\$ 2,643,317
Cost of sales	655,688	656,274
Gross profit	2,194,123	1,987,043
Operating expenses		
Management fees, salaries and wages	1,105,387	842,063
Office and administration	366,793	310,493
Marketing and business development	536,511	120,233
Professional fees	470,101	89,979
Rent	40,288	159,032
Share-based compensation	183,903	62,173
Depreciation and amortization	454,950	217,994
Total operating expenses	3,157,933	1,801,967
(Loss) income from operations	(963,810)	185,076
Finance expenses		
Foreign exchange loss	2,047	50,474
Reverse takeover transaction cost (note 5)	807,995	-
Penalty on convertible debentures (note 11)	95,900	-
Interest on long-term debt	112,531	-
Accretion (notes 11 and 12)	77,553	90,249
Accretion on lease liabilities (note 13)	40,105	-
Net (loss) income before income taxes	(2,099,941)	44,353
Income tax expense	61,605	101,273
Net loss	(2,161,546)	(56,920)
Other comprehensive loss		
Exchange difference on translation of foreign operations, net of tax	(59,584)	395,133
Net (loss) income and comprehensive (loss) income	\$ (2,221,130)	\$ 338,213
Basic and diluted net loss per common share	\$ (0.031)	\$ (0.001)
Weighted average number of common shares outstanding - basic and diluted	68,963,299	52,679,678

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

Three Months Ended March 31,	2019	2018
Operating activities		
Net loss for the period	\$ (2,161,546)	\$ (56,920)
Adjustments for:		
Depreciation and amortization	454,950	217,994
Accretion on convertible debentures	77,553	90,249
Accretion on lease liabilities	40,105	-
Penalty on convertible debentures	95,900	-
Reverse takeover transaction cost	807,995	-
Share-based compensation	183,903	62,173
Changes in non-cash working capital items:		
Inventories	4,843	(59,762)
Trade and other receivables (note 6)	(94,967)	88,053
Prepaid expenses	(54,474)	(148)
Amounts payable and accrued liabilities	(275,263)	(34,898)
Income taxes	61,605	103,460
Net cash (used in) provided by operating activities	(859,396)	410,201
Investing activities		
Purchase of furniture and equipment	(25,296)	(42,666)
Development of computer software	(299,709)	(258,736)
Net cash used in investing activities	(325,005)	(301,402)
Financing activities		
Issuance of convertible debentures	-	33,160
Shares and warrants issued for cash	2,477,240	237,438
Payment of lease liabilities	(182,209)	-
Net cash provided by financing activities	2,295,031	270,598
Net increase in cash during the period	1,110,630	379,397
Effect of foreign currency on cash	47,309	30,545
Cash, beginning of period	433,833	1,014,482
Cash, end of period	\$ 1,591,772	\$ 1,424,424

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Units to be Issued	Equity component of convertible debenture	Accumulated other comprehensive income	Deficit	Total
Balance, January 1, 2018	52,262,441	\$ 5,038,964	\$1,378,074	\$ 226,942	\$ -	\$ 82,428	\$ (223,115)	\$(1,521,912)	\$ 4,981,381
Private placement (note 14 (b))	426,829	116,667	58,333	-	-	-	-	-	175,000
Share-based compensation	-	-	-	62,173	-	-	-	-	62,173
Foreign currency translation	-	-	-	-	-	-	395,133	-	395,133
Net loss for the period	-	-	-	-	-	-	-	(56,920)	(56,920)
Balance, March 31, 2018	52,689,270	5,155,631	1,436,407	289,115	-	82,428	172,018	(1,578,832)	5,556,767
Balance, December 31, 2018	63,373,816	7,794,137	2,685,560	301,623	75,499	82,428	457,990	(5,547,759)	5,849,478
Adjustment to opening deficit upon adoption of IFRS 16 (note 3)	-	-	-	-	-	-	-	(232,813)	(232,813)
Balance, January 1, 2019	63,373,816	7,794,137	2,685,560	301,623	75,499	82,428	457,990	(5,780,572)	5,616,665
Private placement (note 14 (b))	5,133,338	1,711,384	855,285	-	(75,499)	-	-	-	2,491,170
Share issuance costs - warrants	-	(25,799)	25,799	-	-	-	-	-	-
Share issuance costs - cash	-	(15,584)	(8,146)	-	-	-	-	-	(23,730)
Shares issued in settlement of convertible debt (note 14 (b))	7,594,547	1,238,370	-	-	-	(82,428)	-	-	1,155,942
Exercise of stock options	355,560	67,954	-	(58,154)	-	-	-	-	9,800
Shares issued on reverse takeover (note 5)	1,363,636	504,273	18,735	188,079	-	-	-	-	711,087
Share-based compensation	-	-	-	183,903	-	-	-	-	183,903
Foreign currency translation	-	-	-	-	-	-	(59,584)	-	(59,584)
Net loss for the period	-	-	-	-	-	-	-	(2,161,546)	(2,161,546)
Balance, March 31, 2019	77,820,897	11,274,735	3,577,233	615,451	-	-	398,406	(7,942,118)	7,923,707

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Nature of operations

CB2 Insights Inc. (formerly 10557404 Canada Corp.) (the "Company" or "CB2") was incorporated on December 27, 2017 under the Canada Business Corporations Act. The Company completed a reverse takeover ("RTO") on February 27, 2019 (the "Closing Date") with MVC Technologies Inc. ("MVC") (See note 5). CB2 is a secure cloud-based cannabis healthcare technology platform that connects patients, physicians, and regulated suppliers for the purposes of assessment, qualification, registration, and access to medication. The head office is located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As of the balance sheet date, the Company has incurred an accumulated deficit of \$7,942,118 and negative cash flow from operations. The Company has working capital as of the balance sheet date of \$946,840. The Company has raised debt and equity financing through 2017 and 2018 in order to fund platform development and activities resulting in growth in its customer base. The Company expects that the investments it has made in 2017 and 2018 will result in increased revenue and operating cash flow however, The Company anticipates further investment and will require additional debt and/or equity financing in order to develop its business.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company, or that the Company will be able to generate sufficient returns from operations. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue and debt and/or equity financing sufficient to fund its cash flow needs. These circumstances indicate the existence of material uncertainty that casts significant doubt on the ability of the Company to meet its business plan and its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

The unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the consolidated statement of financial position. Such differences in amounts could be material.

2. Basis of presentation

Statement of compliance

The notes presented in these unaudited condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, these interim consolidated financial statements are referred to as condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2018.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of presentation (continued)

Statement of compliance (continued)

These unaudited condensed interim consolidated financial statements are expressed in Canadian dollars and follow the same accounting policies and methods of their application as set out in our consolidated financial statements for the year ended December 31, 2018 with the exception of those new accounting standards adopted effective January 1, 2019 as set out in note 3. These unaudited condensed interim consolidated financial statements comply with International Accounting Standard 34, Interim Financial Reporting of the International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS-IASB") and reflect all adjustments which are necessary for a fair statement of the results for the interim periods presented.

The unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2019, were authorized by the Board of Directors for issue on May 29, 2019.

3. Changes in accounting standards

Recently adopted accounting standards

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company has adopted the standard using the modified retrospective approach. Under this approach, the Company has not restated comparative 2018 information. An adjustment to the opening deficit on January 1, 2019 of (\$232,813) was made in the condensed interim consolidated statement of changes in shareholders' equity.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of remaining lease payments, discounted at the related incremental borrowing rate as at January 1, 2019.

The Company has applied two recognition exemptions for leases - leases of "low-value" assets and leases with a term of 12 months or less.

At January 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. The Company used an incremental borrowing rate of 10% for discounting the contractual lease payments.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Changes in accounting standards (continued)

Recently adopted accounting standards (continued)

(a) Leases and right-of-use assets (continued)

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Use of estimates and judgments

a. Estimates - Lease terms are estimated by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not to exercise a termination option. Certain qualitative and quantitative assumptions are evaluated when deriving the value of an economic incentive.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Changes in accounting standards (continued)

Recently adopted accounting standards (continued)

(a) Leases and right-of-use assets (continued)

Use of estimates and judgments (continued)

b. Judgments - Judgment is applied when determining if a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide the right to substantially all of the economic benefits from the use of the asset.

Judgment is also applied when determining if the Company has the right to control the use of an identified asset. This right exists when the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain instances, where the decision about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset when the Company has the right to operate the asset or if the Company designed the asset in a way that predetermines how and for what purpose the asset will be used.

Judgment is applied when determining the incremental borrowing rate used to measure the lease liability of each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate the Company would pay to borrow at a similar term and with similar security.

Certain leases contain extension or renewal options that are exercisable only by the Company and not by the lessor. At lease commencement, the Company assesses whether it is reasonably certain to exercise any of the extension options based on the expected economic return from the lease. Periodically, lease are reassessed to determine the Company is reasonably certain to exercise options and account for any changes at the date of the reassessment.

See note 13.

(b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Cash

Cash includes funds held in trust with the Company's legal counsel amounting to \$nil (December 31, 2018 - \$80,896), not yet transferred to the Company's bank account.

5. Share exchange agreement and reverse takeover

On August 28, 2018, MVC entered into a letter of intent (the "LOI") with 10557404 Canada Corp. (now known as CB2 Insights Inc.) ("CB2" or the "Company"). The LOI outlined a proposal to enter a Share Exchange Agreement and effect an amalgamation between MVC and a subsidiary of CB2 and a listing of CB2's shares on the Canadian Stock Exchange.

On the Closing Date, MVC and CB2 executed the Share Exchange Agreement and the MVC's shareholders became shareholders of CB2 resulting in a reverse takeover of CB2 by MVC. On March 6, 2019, CB2 commenced trading on the Canadian Securities Exchange (CSE), under the symbol "CBII".

The terms of the RTO were as follows: CB2 consolidated its issued and outstanding common shares on the basis of one (1) new common share for each 16.5 issued and outstanding CB2 common shares (the "Consolidation"); and CB2 issued one (1) (post-Consolidation) share for each one (1) common share of MVC issued and outstanding on the Closing Date. In conjunction with the RTO, 10557404 Canada Corp. changed its name to CB2 Insights Inc.

The pre-Consolidation share capital of each entity prior to the RTO, is outlined below:

CB2

	Number of common shares	Amount
Balance, February 27, 2019	1,363,494	\$ 102,251

MVC

	Number of common shares	Amount
Balance, February 27, 2019	68,507,154	\$ 9,464,138

For accounting purposes, this RTO is considered to be an asset acquisition and has been treated as a capital transaction under IFRS 2 where MVC has been treated as the accounting parent company (legal subsidiary) and CB2 has been treated as the accounting subsidiary (legal parent).

As a result of CB2 not meeting the definition of a business under IFRS 3, a transaction cost of \$807,995 has been recorded as listing expense. This reflects the excess of the purchase price over the fair value of the assets and liabilities acquired. Consideration included the shares held by the shareholders of CB2, being 1,363,636 shares, 151,515 CB2 outstanding warrants and 666,060 CB2 outstanding stock options. The fair value of the 151,515 warrants was estimated using the Black-Scholes option pricing model at \$0.10 per warrant, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.33%; risk-free interest rate of 1.78%; expected dividend yield of 0%; and expected life of 1.5 years. The fair value of the 666,060 stock options was estimated using the Black-Scholes option pricing model at \$0.25 to \$0.31 per option, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.33%; risk-free interest rate of 1.78%; expected dividend yield of 0%; and expected life of 2.35 to 2.58 years.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)****5. Share exchange agreement and reverse takeover (continued)**

Consideration - shares: 1,363,636 shares at \$0.37	\$	504,273
Consideration - warrants: 151,515 warrants		18,735
Consideration - stock options: 666,060 stock options		188,079
Total consideration	\$	711,087

Identifiable assets acquired

Cash	\$	43,488
Sales tax receivable and prepaid expenses		13,859
Accounts payable and accrued liabilities		(4,261)
Payables to related party		(149,994)
Net liabilities acquired		(96,908)
Listing expense	\$	807,995

6. Trade and other receivables

	March 31, 2019	December 31, 2018
Trade receivables	\$ 120,199	\$ 98,433
Harmonized sales tax recoverable	273,287	199,046
	\$ 393,486	\$ 297,479

7. Furniture and equipment

	Furniture	Vehicles	Computer Hardware	Leaseholds	Equipment	Total
Cost						
Balance, January 1, 2019	\$ 86,799	\$ 23,794	\$ 81,627	\$ 70,312	\$ 47,549	\$ 310,081
Additions	11,070	-	13,959	266	-	25,295
Net exchange differences	(899)	(487)	(1,598)	(1,437)	-	(4,421)
Balance, March 31, 2019	\$ 96,970	\$ 23,307	\$ 93,988	\$ 69,141	\$ 47,549	\$ 330,955

Amortization

Balance, January 1, 2019	\$ 20,942	\$ 6,479	\$ 14,625	\$ 14,578	\$ 15,284	\$ 71,908
Amortization	7,595	1,932	7,211	5,721	3,962	26,421
Net exchange differences	(175)	(123)	(262)	(268)	-	(828)
Balance, March 31, 2019	\$ 28,362	\$ 8,288	21,574	\$ 20,031	\$ 19,246	\$ 97,501

Net book value

Balance, January 1, 2019	\$ 65,857	\$ 17,315	\$ 67,002	\$ 55,734	\$ 32,265	\$ 238,173
Balance, March 31, 2019	\$ 68,608	\$ 15,019	\$ 72,414	\$ 49,110	\$ 28,303	\$ 233,454

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)****8. Right-of-use assets**

	March 31, 2019
Office leases	
Beginning balance	\$ 1,450,892
Depreciation	(125,104)
Impact of foreign exchange	(25,835)
Ending balance	\$ 1,299,953

9. Computer software and technology

Cost	
Balance, January 1, 2019	\$ 2,493,431
Additions	300,000
Net exchange differences	(377)
Balance, March 31, 2019	\$ 2,793,054

Amortization	
Balance, January 1, 2019	\$ 736,984
Amortization	213,302
Net exchange differences	(86)
Balance, March 31, 2019	\$ 950,200

Net book value	
Balance, January 1, 2019	\$ 1,756,447
Balance, March 31, 2019	\$ 1,842,854

10. Goodwill and other intangible assets

	Goodwill	Customer relationships	Brand	Total other intangibles
Cost				
Balance, January 1, 2019	\$ 3,960,758	\$ 1,896,238	\$ 2,402,356	\$ 4,298,594
Net exchange differences	(81,003)	(38,781)	(49,132)	(87,913)
Balance, March 31, 2019	\$ 3,879,755	\$ 1,857,457	\$ 2,353,224	\$ 4,210,681
Amortization				
Balance, January 1, 2019		\$ 390,677	\$ -	\$ 390,677
Amortization		90,121	-	90,121
Net exchange differences	-	(7,529)	-	(7,529)
Balance, March 31, 2019	\$ -	\$ 473,269	\$ -	\$ 473,269
Net book value				
Balance, January 1, 2019	\$ 3,960,758	\$ 1,505,561	\$ 2,402,356	\$ 3,907,917
Balance, March 31, 2019	\$ 3,879,755	\$ 1,384,188	\$ 2,353,224	\$ 3,737,412

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

11. Convertible debentures

In May and September 2017, the Company issued 7,333,333 (post reverse split) 5% convertible debentures for \$1,109,000. Each convertible debenture is convertible into a "Unit" comprising one Class A common share of the Company at \$0.15 per share, and one warrant which entitles the holder to acquire one half Class A common share of the Company at \$0.20 per warrant. The convertible debentures will automatically convert into Units on completion of a liquidity event. In the event that a liquidity event does not occur, the debentures are due on May 30, 2019. The Company received \$1,037,310, net of \$71,690 arrangement fees, as proceeds from the issuance.

The liability component of the convertible debentures was valued at \$999,050 by discounting the maturity date interest and principal payments to grant date present value using a discount rate of 10% which is the estimated market rate at which the Company can obtain new financing. The effective interest rate on the convertible debentures is 13.44%.

On October 25, 2018, the Company paid \$440,506 to repurchase an aggregate principal amount of \$150,000 of 5% convertible senior secured debentures. The carrying value of the debentures on the repurchase date was \$149,357 and the Company recorded a loss on repurchase amounting to \$291,149. Since the transaction was with debenture holders that were also shareholders, the loss on repurchase has been recorded as a charge to the deficit.

Accretion expense amounting to \$77,552 was recorded on the convertible debentures during the period (three months ended March 31, 2018 - \$33,160).

See note 14 regarding the conversion of the debentures during the three months ended March 31, 2019.

12. Promissory note

On December 19, 2017, the Company entered into an acquisition transaction with Canna Care Docs as detailed in the Note 5 of the year end consolidated financial statements as of December 31, 2018. As part of the purchase consideration, the Company issued a promissory note in the amount of US\$2,500,000 ("Canna Care Note"). The note was discounted to its present value and initially recorded at US\$2,336,449 (\$3,017,057) on the closing date using an effective interest rate of 7%. Accretion expense amounting to \$57,089 (2017 - \$nil) was recorded on this promissory note during the period ended March 31, 2018.

The note was repayable on, and interest free up to, December 19, 2018 after which date interest of 15% per annum was charged. The note was secured by the purchased assets of Canna Care Docs.

On December 19, 2018, the Company repaid the full amount of the Canna Care Note with the proceeds from the issuance of a promissory note to Merida Capital Partners ("Merida") ("Merida Note").

On December 19, 2018, the Company issued the Merida Note and Merida advanced to the Company funds amounting to US\$2,400,000. The Merida note bears interest at 12% per annum and is due 18 months from the issuance date. The Merida Note contained an option for Merida to convert the Merida Note to a convertible debenture that would permit the conversion of the underlying liability to common shares ("Merida Option"). The Merida Option expired on January 20, 2019 and the interest rate also increased to 15% per annum on that date. The Merida Note was measured at fair value on issuance and the Company has elected to carry the note at FVTPL. Interest expense amounting to \$112,532 (2018 - \$nil) was recorded on this promissory note during the period ended March 31, 2019.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

13. Lease liabilities

	March 31, 2019
Beginning balance	\$ 1,683,705
Interest expense	40,105
Lease payments	(182,209)
Impact of foreign exchange	(25,921)
Ending balance	\$ 1,515,680
Allocated as:	
Current (no later than 1 year)	\$ 652,932
Long-term (later than 1 year but no later than 5 years)	862,748
	\$ 1,515,680

14. Share capital

a) Authorized share capital

Unlimited number of voting common shares without par value

b) Common shares issued

	Number of common shares	Amount
Balance, January 1, 2018	52,262,441	\$ 5,038,964
<i>Private placements, January 3, 2018 (i)</i>	426,829	116,667
Balance, March 31, 2018	52,689,270	5,155,631
Balance, December 31, 2018	63,373,816	7,794,137
Private placements (i)	5,133,338	1,711,384
Share issuance costs - warrants	-	(25,799)
Share issuance costs - cash	-	(15,584)
Shares issued in settlement of convertible debt	7,594,547	1,238,370
Exercise of stock options	355,560	67,954
Shares issued on acquisition of Reverse Takeover	1,363,636	504,273
Balance, March 31, 2019	77,820,897	11,274,735

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

14. Share capital (continued)**b) Common shares issued (continued)***Private placements***2018**

(i) On January 3, 2018, the Company completed a private placement for gross proceeds of \$175,000 through issuance of 426,829 units with each unit containing one common share and one half common share purchase warrant with an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the 213,415 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at \$0.18 per warrant, based on the following assumptions: underlying share price of \$0.32 per share, expected annualized volatility of 127.58%; risk-free interest rate of 1.79%; expected dividend yield of 0%; and expected life of 2 years. In relation to the January 3, 2018 private placement, the Company issued 170,000 broker warrants to obtain one common share of the Company at an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model at \$0.18 per warrant, based on the following assumptions: underlying share price of \$0.32 per share; expected annualized volatility of 130.43%; risk-free interest rate of 1.66%; expected dividend yield of 0%; and expected life of 2.00 years.

2019*Private placements*

(i) On January 17, 2019, the Company completed a private placement financing with the issuance of an aggregate of 374,998 Units at a price of \$0.50 per Unit for gross proceeds of \$187,499. Each Units consists of 1 common share and one half common share purchase warrant. An aggregate of 187,499 warrants were issued with each whole warrant exercisable to purchase one common share of the Company at a price of \$0.80 for a period of three (3) years from issuance. The fair value of the 187,499 warrants contained in the Units issued on this date was estimated using the Black-Scholes option pricing model at \$0.26 per warrant, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.32%; risk-free interest rate of 1.82%; expected dividend yield of 0%; and expected life of 3 years.

(ii) During January and February 2019, the Company closed four tranches of private placement financing of subscription receipts with the issuance of 4,758,340 Subscription Receipt Units for gross proceeds of \$2,379,170. Each Subscription Receipt Unit converts automatically into one common share and one half common share purchase warrant. An aggregate of 4,758,340 common shares and 2,379,170 warrants are issuable on conversion of the Subscription Receipt Units, with each whole warrant being exercisable to purchase one common share of the Company at a price of \$0.80 for a period of three (3) years from issuance. The fair value of the 2,379,170 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at \$0.26 per warrant, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.32%; risk-free interest rate of 1.77%; expected dividend yield of 0%; and expected life of 3 years. The Company also issued 26,040 broker warrants in combination with the closing of the Subscription Receipt Units. Each broker warrant entitling the holder to purchase one Unit at \$0.50 for a period of three (3) years, with each whole warrant being exercisable to purchase one common share of the Company at a price of \$0.80 for a period of three (3) years from issuance. The fair value of the 26,040 broker warrants contained in the Units issued on this date was estimated using the Black-Scholes option pricing model at \$0.25 per warrant, based on the following assumptions: underlying share price of \$0.36 per share, expected annualized volatility of 144.32%; risk-free interest rate of 1.77%; expected dividend yield of 0%; and expected life of 3 years.

(iii) In relation to the 2019 private placements, the Company paid cash issuance costs of \$23,730.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

14. Share capital (continued)**b) Common shares issued (continued)**

(iv) On February 1, 2019, a consultant exercised 300,000 options at a price of \$0.016 per share.

(v) On March 5, 2019 a consultant exercised 55,560 options at a price of \$0.09 per share.

(vi) On March 5, 2019, \$959,000 principal amount debentures, plus accrued interest of \$84,632, were converted into 7,594,547 shares of CB2. The total amount of shares includes a 10% penalty multiplier as the Company was unable to complete the going public transaction by the Conversion Date as stipulated in the debenture agreement.

(vii) See note 5 for shares issued for acquisition of CB2.

Warrants

A summary of the warrant activity for the periods ended March 31, 2018 and March 31, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	5,379,897	0.50
Granted	383,415	0.50
Balance, March 31, 2018	5,763,312	0.50
Balance, January 1, 2019	13,547,180	0.42
Granted upon RTO of CB2	151,515	1.65
Granted	2,592,710	0.80
Balance, March 31, 2019	16,291,405	0.49

At March 31, 2019, a summary of warrants outstanding and exercisable is as follows:

Outstanding warrants

Range of exercise prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
< \$0.20	3,699,450	\$ 0.20	1.58
\$0.41 - \$0.50	9,847,730	0.49	1.02
\$0.8	2,592,710	0.80	2.87
\$1.65	151,515	1.65	1.42
	16,291,405	\$ 0.49	1.76

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

14. Share capital (continued)**b) Common shares issued (continued)****Options**

On January 23, 2019, the Company granted an aggregate of 485,000 options to employees, directors and consultants. These options are exercisable over a period of 1-5 years from the date of grant with exercise prices ranging from \$0.44 - \$0.50, vesting over 4 years for employees and immediately for directors and consultants.

A summary of the option activity for the period ended March 31, 2018 and March 31, 2019 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	6,721,368	0.38
Granted	11,396	0.41
Balance, March 31, 2018	6,732,764	0.02
Balance, December 31, 2018	5,925,868	0.36
Granted upon RTO of CB2	666,060	0.39
Granted	485,000	0.48
Exercised	(355,560)	0.03
Balance, March 31, 2019	6,721,368	0.38

At March 31, 2019, a summary of stock options outstanding and exercisable is as follows:

Range of exercise prices	Number outstanding	Weighted average Exercise Price	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
\$0.15	1,123,332	\$0.15	4.02	90,000	\$0.15
\$0.17	363,030	\$0.17	2.27	363,030	\$0.17
\$0.41 - \$0.44	4,446,976	\$0.43	7.28	311,285	\$0.41
\$0.44 - \$0.50	485,000	\$0.48	2.92	230,000	\$0.50
\$0.66	303,030	\$0.66	2.49	-	\$0.66
	6,721,368	\$0.38	5.93	994,315	\$0.32

The fair value of the 11,396 stock options issued in the three months ended March 31, 2019 totaled \$2,480. The fair value of the options was calculated using the Black-Scholes model using a risk-free interest rate of 2.04%, volatility of 144.32%, expected life of 1.89 years, and 0% dividend yield.

The fair value of the 485,000 stock options issued in the three months ended March 31, 2019 totaled \$108,517. The fair value of the options was calculated using the Black-Scholes model using a risk-free interest rate of 1.57% - 1.85%, volatility of 144.32%, expected life of 1 to 5 years, and 0% dividend yield.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

15. Related party disclosures***Transactions with key management personnel***

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Three months ended March 31,	2019	2018
Salary and short-term employee benefits	\$ 102,739	\$ 63,600
Share based compensation	67,553	62,173
	\$ 170,292	\$ 125,773

16. Segmented information

The Company has two reportable operating segments related to its software and clinic businesses which also align with the two countries in which it operates, namely, United States and Canada. Corporate costs are included in the Canadian segment. The disclosure with regards to the Company's aforementioned segments and locations are listed below:

Three months ended March 31, 2019	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 2,845,359	\$ 4,452	\$ 2,849,811
Cost of sales	655,688	-	655,688
Gross profit	2,189,671	4,452	2,194,123
Total operating expenses	1,804,070	1,353,863	3,157,933
Income (loss) from operations	385,601	(1,349,411)	(963,810)
Foreign exchange loss	-	2,047	2,047
Reverse takeover transaction cost	-	807,995	807,995
Penalty on convertible debentures	-	95,900	95,900
Interest on long-term debt	-	112,531	112,531
Accretion	-	77,553	77,553
Accretion on lease liabilities	34,131	5,974	40,105
Net income (loss) before income tax	351,470	(2,451,411)	(2,099,941)
Income tax expense	61,605	-	61,605
Net income (loss)	\$ 289,865	\$ (2,451,411)	\$ (2,161,546)

As at March 31, 2019	USA (Clinic)	Canada (Software)	Total
Non-current assets	\$ 10,023,690	\$ 1,090,005	\$ 11,113,695
Total assets	\$ 10,616,597	\$ 2,666,276	\$ 13,282,873
Total liabilities	\$ 1,237,939	\$ 4,121,227	\$ 5,359,166

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

16. Segmented information (continued)

Three months ended March 31, 2018	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 2,639,684	\$ 3,633	\$ 2,643,317
Cost of sales	656,274	-	656,274
Gross profit	1,983,410	3,633	1,987,043
Total operating expenses	1,564,960	237,007	1,801,967
Income (loss) from operations	418,450	(233,374)	185,076
Foreign exchange loss	-	50,474	50,474
Accretion on convertible notes	-	90,249	90,249
Net income (loss) before income taxes	418,450	(374,097)	44,353
Income taxes expense	101,273	-	101,273
Net income (loss)	\$ 317,177	\$ (374,097)	\$ (56,920)

As at December 31, 2018	USA (Clinic)	Canada (Software)	Total
Non-current assets	\$ 9,132,781	\$ 853,292	\$ 9,986,073
Total assets	\$ 8,530,452	\$ 2,363,151	\$ 10,893,603
Total liabilities	\$ 168,244	\$ 4,875,881	\$ 5,044,125

17. Subsequent events

(i) On April 4, 2019, the Company acquired the assets of Colorado-based medical cannabis clinic group Rae of Sunshine Health Services ("ROSH") LLC, operating as "Relaxed Clarity" for a cash payment of US\$200,000 and issuance of 500,000 common shares.

(ii) On March 5, 2019, the Company entered into a binding agreement to acquire MedEval Clinic LLC, a medical cannabis evaluation and education center group with multiple locations in Colorado and Arizona, for US\$150,000 cash and the issuance of 450,000 common shares. On April 9, 2019, the Company completed the transaction.