**CB2 Insights Posts Strong Growth in Clinical Revenue and Drives Operating Efficiencies in Q1 2019**

*16% Increase in Quarter-over-Quarter Revenue; Quarterly Expense Reduction of 17%*

**TORONTO, ON** – May 30, 2019 **–** [CB2 Insights](http://www.cb2insights.com) (CSE:CBII; OTCQB:CBIIF) (“**CB2**” or the “**Company**”), a leading technology company focused on mainstreaming medical cannabis to the healthcare industry through Real World Evidence (“RWE”), today reported its results for the first quarter of 2019. Additional information concerning the Company, including its unaudited financial statements and related management’s discussion and analysis (“MD&A”) for the quarter ended March 31, 2019, can be found at [www.sedar.com](http://www.sedar.com) and on the Company’s website. All amounts are expressed in Canadian dollars unless otherwise noted.

**Q12019 Financial Highlights**

* Revenue for the quarter was $2.9 million, a 16.4% increase over the previous quarter and based solely on organic growth within the Company’s Canna Care Docs brand;
* Revenue contribution from its newly acquired MedEval and Relaxed Clarity clinic groups would have been an estimated $500 thousand for the quarter, which would have boosted revenue to $3.4 million for the quarter and increased the Company’s revenue growth rate to over 37% quarter-over-quarter;
* Gross profit of $2.2 million for the quarter, or gross margin of 77% represents an increase from 70% from the prior quarter;
* Operating expenses for the quarter were reduced by more than $785 thousand from the prior quarter as a result of management’s operational efficiency analysis;
* At quarter end the Company had cash of $1.6 million on hand compared to $433 thousand from the prior quarter; and
* Adjusted EBITDA1 loss of $713 thousand in Q1 2019 versus Adjusted EBITDA loss of $1.81 million in Q4 2018\*.

\*Note: Q1 2019 Adjusted EBITDA[[1]](#footnote-1)1 from US clinical operations (not inclusive of any subsequent-to-quarter-end acquisitions) resulted in a gain of $578 thousand. CB2 currently uses this surplus in cash flow to fuel its Data and Analytics business, which includes but is not limited to software development, product development, analytical and commercialization teams.

“CB2 saw a strong organic growth in our top line paired with a substantial reduction in our operating expenses in the quarter. This growth did not include contributions from our new, profitable clinical acquisitions of MedEval and Relaxed Clarity,” said Prad Sekar, CEO, CB2 Insights. “We remain committed to growing our clinical business, reducing our burn rate and working towards commercializing our RWE / data asset. We have made significant progress in each of these areas over the past quarter and are confident that our valuation should begin to reflect this. Over the past several months, we have had meaningful conversations with many large-scale traditional Life Sciences stakeholders and are working towards commercialization of our data assets to help usher in a new level of understanding regarding cannabinoid therapy across the traditional healthcare sector. As we look to continue acquiring additional clinical groups in the coming quarters, we are excited to have received validation by major industry players that the path that we are on holds significant prospective value to those both inside and even more so, outside the medical cannabis industry.”

**Q1 2019 Operational and Strategic Highlights**

* Company [commences trading](https://cb2insights.com/news/article/778) as a public company; and
* [Agreement with Premier Health](https://cb2insights.com/news/article/825) to integrate medical cannabis clinical decision support tool.

**Operational and Strategic Highlights Subsequent to Quarter End**

* [Completed acquisition](https://cb2insights.com/news/article/848) of cannabis evaluation clinics in Arizona and Colorado;
* [Completed acquisition](https://cb2insights.com/news/article/833) of multi-location medical cannabis clinic group Relaxed Clarity; and
* [Expansion of Board of Directors](https://cb2insights.com/news/article/866) with the addition of Teladoc Executive, Marc Adelson as Director and the appointment of MNP LLC Executive, David Danziger as Chairman of the Board.

**CB2 Insights’ Divisional Highlights**

CB2 Insights operates 3 primary divisions in the generation of health outcome data. These divisions are:

***Clinical Operations***: CB2 currently operates the largest network of physician-staffed medical centers in the US specializing in qualifying and supporting patients who are treating their indications with medical cannabis.

* Added 4 new clinic locations within the quarter under Canna Care Docs brand;
* Subsequent to quarter-end, successfully acquired Colorado-based Relaxed Clarity; and
* Subsequent to year-end, successfully acquired Colorado and Arizona-based MedEval Clinics LLC.

***Technology***: CB2 has developed and deployed its proprietary cannabis-specific Electronic Health Record (EHR) technology platform to standardize the patient and clinical workflows within its clinics ensuring valid and structured anonymized and aggregate data collection protocols to support Real-World Data collection.

* Successful integration of proprietary Sail EHR platform into Relaxed Clarity and MedEval Clinics LLC; and
* Began integration with large EMR platform, Premier Health Group to provide access of CDS tool to nearly 5,000 physicians.

***Data Insights***: Applies analytical, machine learning and artificial intelligence (AI) technologies to the data the Company generates to derive insights that support stakeholders within the Life Sciences industry including drug manufacturers, patients, doctors/HCPs, regulators and payors.

* Artificial Intelligence expert, Dr. Randy Goebel joins CB2 Insights as Sr. Advisor to Data Insights Division; and
* Company engaged in successful exploratory sessions with international regulatory bodies, pharmaceutical companies and insurance firms to discuss Real World Evidence support for issues related to cannabis-based drug development, regulatory frameworks and drug spend.

|  |  |  |
| --- | --- | --- |
|  | **Quarter ended March 31, 2019** | **Quarter ended December 31, 2018** |
| Revenue | $2,849,811 | $2,449,020 |
| Cost of sales | $655,688 | $747,496 |
| Gross Profit | $2,194,123 | $1,701,524 |
| Gross Margin | 76.9% | 69.5% |
| Adjusted EBITDA[[2]](#footnote-2)1 | $(712,582) | $(1,811,463) |
| Net Income (Loss) | $(2,161,546) | $(2,539,776) |
| Basic and diluted net loss per share | $(0.031) | $(0.0452) |

CB2 is also announcing that it has completed a rights offering which was previously announced on February 27, 2019. Under the terms of the rights offering, CB2 issued a total of 7,281 common shares at a price of $0.45 per share for aggregate gross proceeds of $3,276.45.

The rights were issued to holders of record on February 15, 2019, prior to the completion of the Company’s reverse take over transaction with MVC Technologies Inc. No stand-by commitment or additional subscription privilege had been agreed and no commission was payable in connection with the rights offering. All unexercised rights are now null and void.

Following the completion of the rights offering, CB2 will have a total of 78,778,036 common shares issued and outstanding.

The net proceeds of the offering will be used for general working capital.

**Earnings Conference Call**

CB2 Insights’ management team will hold a conference call to discuss our 2019 Q1 Earnings on May 31, 2019 at 9:00am EDT (details below).

|  |  |
| --- | --- |
| Date: | Friday, May 31, 2019 |
| Time: | 9:00 a.m. (EDT) |
| US/Canada Toll Free Dial In: | 1-800-319-4610 |
| Toronto Local Dial In: | 1-416-915-3239 |
| International Dial In: | 1-604-638-5340 |
| Call Name: | CB2 Insights Earnings Call |

An archived replay of the conference call will be available on the Company’s website within 24 hours following the conclusion of the call.

**Non-GAAP Financial Measures**

This Press Release contains references to Adjusted EBITDA and Gross Margin. These financial measures are not measures that have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP measures. The non-GAAP measures used by the corporation may not be comparable to similar measures used by other companies. Adjusted EBITDA is defined as “income (loss) before interest expenses, taxes, expenses related to listing on the Canadian Securities Exchange, depreciation, foreign exchange and financial expenses.

The Company uses these non-GAAP measures because they provide additional information on the performance of its commercial operations. Such tools are frequently used in the business world to analyze and compare the performance of businesses; however, the Company’s definition of these metrics may differ from those of other businesses. CB2 Insights will, at times, use certain non-GAAP financial measures to provide readers with additional information in order to assist investors in understanding our financial and operating performance. CB2 Insights believes that these non-GAAP measures provide readers with useful information about the Company’s operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

Adjusted EBITDA excludes the effect of share-based compensation expenses and related payroll taxes as well as removes substantial one-time costs for unusual business activities. Within the 2018 reporting period, one-time costs associated with fees pertaining to the Company’s public listing are excluded from this figure. Additional discussion on this can be found in CB2 Insights’ Management Discussion and Analysis filed on SEDAR.

Such non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the corresponding measures calculated in accordance with IFRS. See the Company’s audited Financial Statements for a reconciliation of the non-GAAP measures.

**About CB2 Insights**

CB2 Insights has a mission to mainstream medical cannabis into traditional healthcare. We do so by gathering data and creating objective real-world evidence through our proprietary software and service brands. Using clinical management and data collection software at the point-of-care, CB2 Insights and its group of sub-brands has become a leading force behind bringing traditional healthcare protocols to the rapidly evolving global cannabis industry.

For more information please visit [www.cb2insights.com](http://www.cb2insights.com).

**Primary Contact:**

Dan Thompson

Chief Marketing Officer

1.416.670.9316

[dan.thompson@cb2insights.com](mailto:dan.thompson@cb2insights.com)

**For Investor Inquiries:**

Sean Peasgood

+1.647.362.8286

[investors@cb2insights.com](mailto:investors@cb2insights.com)

**For Media Inquiries:**

KCSA Strategic Communications

[cb2@kcsa.com](mailto:cb2@kcsa.com)

**Forward Looking Statements**

*Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in CB2’s filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward-looking statements.*

*Forward-looking statements may include, without limitation, statements regarding the opportunity to provide services and software to the U.S. cannabis industry.*

*Although CB2 has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects which have limited or no operating history and are subject to inconsistent legislation and regulation; change in laws; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and recreational-use marijuana industry and; regulatory or political change.*

*There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.*

*Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. CB2 disclaims any intention or obligation to update or revise such information, except as required by applicable law, and CB2 does not assume any liability for disclosure relating to any other company mentioned herein.*

**No securities regulator or exchange has reviewed, approved, disapproved, or accepts responsibility for the content of this news release.**

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)