cb2insights

FORM 2A

UPDATED LISTING STATEMENT

FOR FISCAL YEAR ENDED

DECEMBER 31, 2019

1. Table of Contents

1.1 Include a table of contents with the following headings:

2. Corporate Structure

2.1 Corporate Name and Head and Registered Office

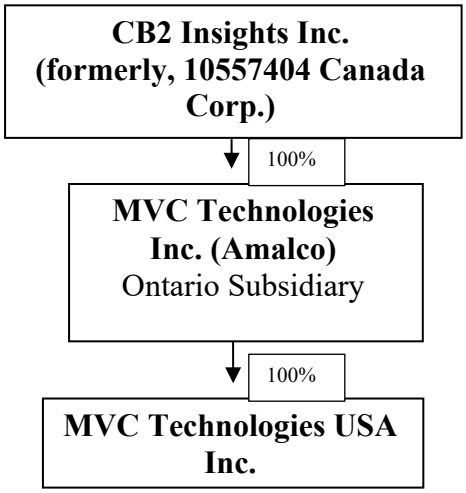
The full corporate name of the Issuer is CB2 Insights Inc. ("**CB2**") The head and registered office of the Issuer is located at 5045 Orbitor Dr., Building 11, Suite 4300 Mississauga, Ontario L4W 4Y4.

2.2 Jurisdiction of Incorporation

The Issuer was incorporated under the CBCA under the name 10557404 Canada Corp. on December 27, 2017. The Issuer changed its name to CB2 Insights Inc. on December 20, 2018.

On February 16, 2018 the Issuer entered into an arrangement agreement ("**Plan of Arrangement**") with Telferscot Resources Inc. ("**Telferscot**") and other subsidiaries of Telferscot. On March 18, 2018 the Issuer filed Articles of Amendment to effect a change in its share capital. On April 9, 2018 the Plan of Arrangement was completed and the Issuer became a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario.

2.3 Inter-corporate Relationships



2.4 Fundamental Change

The Issuer is not requalifying following a fundamental change or an acquisition, amalgamation, merger, reorganization or arrangement.

2.5 Non-Corporate Issuers and Issuers Incorporated Outside of Canada

This section is not applicable.

3. General Development of the Business

3.1 General Development of the Business

CB2 Insights is a healthcare services and technology company, working to positively impact patient health outcomes. Our mission to mainstream alternative health treatments into traditional healthcare by recognizing the need for patient treatment diversity, and the impacts of integrating alternative and conventional medicine. The Company works primarily to roster and treat patients who are seeking alternative treatments due to the ineffectiveness of conventional medicine and the inability to find support through their existing care network, or in some cases, inability to access a primary care network due to location or high cost barriers (uninsured). Medical services offered by the Company are defined as “Integrative” medicine, where we work to understand the real world evidence for the safety, impact and effectiveness of medical treatments including plant-based medicines that often lack sufficient research and therefore lack adoption by conventional healthcare providers.

To support patient care and positive health outcomes, the Company is also focused on advancing safety and efficacy research surrounding alternative health treatments by monitoring and assessing real-world data (RWD) and providing real-world evidence (RWE) through our proprietary technology, data analytics, and a full service contract research organization.

The Company’s primary operations are in the United States, with application to its insights, technology and research services deployed in other international markets including Canada, the United Kingdom and Colombia.

The Company’s operating model allows patients to receive access to care in a time efficient and cost-effective manner. Utilizing virtual telehealth and over 30 physical brick and mortar clinics, the Company currently treats over 100,000 patients annually across 12 States. Through the use of proprietary technology and data analytic platforms, the Company is able to monitor, study and assess a variety of healthcare treatments and products, both traditional and non-traditional, for safety, efficacy and effectiveness. The Company believes that it is well positioned to be the research and technology partner of choice for multiple stakeholders including the global pharmaceutical industry, life sciences, regulatory bodies and customers within the traditional and integrative medical industry.

The Company was founded in 2014 as an electronic data collection (EDC) and patient management platform. Early on, CB2 recognized the gap in the healthcare market to support the integration of new treatments that lacked sufficient clinical research, like cannabinoid medicines, into the practices of clinicians and the access of treatment options for patients. This initially drove the Company to develop a comprehensive technology platform, driven by artificial intelligence and machine learning algorithms, that healthcare practitioners sought to help integrate cannabinoid-based treatment options into routine clinical practice. The Company shifted plans in 2017 to move to own

a network of clinics as a way to standardize the quality of care and improve on the ability to research health outcomes. Between 2017 and 2019, the Company acquired 4 clinic groups in the US (Canna Care Docs, Relaxed Clarity, MedEval Clinics and New Jersey Alternative Medicine), which enabled the Company to grow both organically and by way of acquisition to over 100,000 patients across 12 States on an annualized basis. With time and experience, the Company began to recognize that patients seeking cannabinoid therapy fell into a larger pool of patients seeking integrative medicine. Data from the Company's own analytic assets as well as external research suggested that each of these therapies when combined together, were often poorly researched or supported with published clinical evidence. The need was also there for patients to have a coordinator, that understood and was open to supporting patients across both conventional and integrative treatments. Patients were seeking support from the Company's healthcare providers for care coordination that was not within the primary scope of our first-generation services. Subsequently by the end of 2019, the Company recognized the need to bridge the gap between conventional and alternative medicine. This led to the establishment of Skylight Health Group, its integrated brand of offerings that leverages its existing infrastructure of practitioners, clinics, telehealth services and patients and focuses on insurable and non-insurable services for patients seeking affordable and accessible healthcare options, combining both conventional and complementary medicine.

In 2019, the Company was focussed on successfully executing its business objectives. By way of acquisitions, the Company was able to validate its size and scale and was able to bring significant economies of scale to these operations. Acquiring these clinical assets at less than 1x revenue, the Company was able to demonstrate that each of these assets was able to become profitable and increase revenue from same service growth organically over the first 12 months since being acquired. Further, each acquisition led to further economies of scale, which the Company believes has enabled it to reach a cost structure that can support profitability into 2020 on a consolidated basis. Subsequent events in 2020, on an unaudited basis has proven the Company was able to reach profitability in Q2. The Company believes that the infrastructure that it developed and enhanced in 2019, will enable the Company to grow organically in same-service revenue, introduce new services to its existing patient base, and seek new growth through acquisitions, driving the future growth of patients, services and financial metrics.

BUSINESS MODEL

The Company's business model is primarily driven through its clinical operations that offer medical services to patients in the US through virtual and physical care at over 30 brick and mortar clinics in 12 States. During 2019, the Company was able to begin validating its technology and contract research services, which generated incremental revenue by the end of 2019, and are expected to grow incrementally throughout 2020. The Company differentiates itself by being one of the largest integrative medical practices in the US that owns its own proprietary technology and data analytical assets, and clinical research expertise to support new market expansion, market access, data collection and analysis and drug discovery. CB2 Insights now operates and offers

services in three vertical markets: medical services, technology & data analytics, and contract research and development services. Each vertical market is autonomous, but works in tandem with the others. The Company's suite of services that enable patient access, proprietary technology and consulting services to bring about a comprehensive solution.

CLINICAL OPERATIONS: Access to patient centred integrative healthcare services. Operating as Skylight Health Group ("SHG"), through the Company's subsidiaries Canna Care Docs, MedEval Clinics LLC, Relaxed Clarity, and New Jersey Alternative Medicine, the Company's clinical operations span across more than a dozen states in the US and serve approximately 100,000 unique patients annually.

In 2019, The Company increased its clinical footprint in the US through the acquisition of Medeval, Relaxed Clarity and New Jersey Alternative Medicine. As a result of these acquisitions, the Company now operates over 30 locations across 12 States, services over 100,000 patients, and is one of the largest medical services in the US to specialize in medical cannabis certifications. The Company had set a plan at the onset of 2019, to focus on growth through acquisition, and organic growth of its existing brand Canna Care Docs. The Company believed that through acquisition, access to new markets would not only be faster and cheaper, but also enable the Company to realize significant economies of scale, that would improve on the overall profitability margin of the business.

The Company was able to validate its thesis with each acquisition, which added immediate revenue and profitability, and were accretive to the Company's growth. The Company was able to realize improvements in profitability by over 20% of each acquisition, by way of economies of scale, and on a consolidated basis, reach a cost structure that the Company's management believes will support profitability by Q2 of 2020.

The Company has set its growth target for 2020 based on projected revenues from three primary sources: growth in same service revenue; growth in new services to the Company's existing patient base; and growth through acquisition. With an improved business model, the Company's management expects to achieve an improved revenue and profitability outcome in 2020, and continued validation for its growth trajectory into coming years.

Growth through new revenue was identified as an opportunity in 2019, when Company recognized through its operations, that patients who came seeking medical cannabis as an alternative to their conventional treatments, also showed a strong need for a health care coordinator to support other aspects of their care, and specifically with respect to the integration of new medicines like medical cannabis alongside their current treatments. Patients often found it difficult to have their exiting care provider be open to new treatments, or in many cases, uninsured patients were unable to seek access to care due to the high cost of healthcare in the US. Thus, the Company saw the opportunity to further support its patients by offering services that would complement its medical cannabis certification business. This would both increase the growth of new patients, but also the per-patient revenue currently recognized. Skylight Health Group

was created at the end of 2019 and subsequently launched in 2020, to house and consolidate the healthcare services offered by the Company into one integrative health brand.

TECHNOLOGY & DATA ANALYTICS: Making positive impacts to health outcomes through informed data driven insights. Since 2014, the Company has designed, developed and acquired secure and compliant proprietary technology and digital assets which specialize in monitoring, assessing and evaluating patient treatment plans at the point of care. The technology has also enabled the Company to standardize the quality of care throughout the patient lifecycle, both within its clinical operations and on behalf of other groups – generally in markets outside of the US – in order to access real world data (RWD) related to treatments such as cannabinoid therapy for its efficacy, treatment interactions and other key quality determinants for health.

The Company's primary technology platform, Sail is a proprietary electronic database management and patient record platform designed to standardize and optimize the workflows and management of the Company's wholly-owned clinical operations. The system incorporates a series of tools which allows practitioners and other clinical staff to schedule appointments, manage patient files, evaluate patients for cannabinoid therapy and where necessary, create the required documents to submit to regulatory bodies on behalf of patients. The technology was also built to support virtual consults, which subsequently in 2020 during the COVID-19 pandemic, was launched and successfully supported the transition of care for 100,000 patients in its network. The inputs which sit at the point of care, enable the monitoring of comprehensive data related to the patient's medical history, indications and symptoms, previous treatments, clinical outcomes, among other things.

Additional technology solutions include patient input tools used for tracking of patient outcomes, product purchases and other key data metrics that support the Company's overarching goal to study the safety and efficacy of treatment. The Company's patient portal, which allows its patients to take control of their healthcare, also establishes a relationship between the clinic and the patient, to support the post-monitoring efforts of the patient while on the recommended treatment plan. This transparency provides the patient access to insights that enables them to make more informed healthcare decisions.

In 2019, the Company was focused on building and launching its digital assets into its wholly-owned clinics in the US, as well as validating its use with third party clinics, research organizations and industry stakeholders, who were seeking a more validated tool to standardize and improve the collection, analysis and insight generation from anonymized data. Over the 2019 year, through its wholly-owned clinics, the Company was able to analyze treatment outcomes from over 60,000 patient visits. Subsequent to year-end, the Company developed and released the industry's first insights dashboard available for free on the Company's website www.cb2insights.com/data. With contracts with new customers in Canada, UK and Colombia, in 2019, the Company was able to validate the early adoption of its technology platforms. The Company believes that the value in this technology will be recognized in the coming years as access to these

insights and ability to generate new insights from its databank will come at a significant premium as it has in other verticals of healthcare.

CONTRACT RESEARCH AND DEVELOPMENT- Expedited access to CB2's patient registry. The challenging aspect of a trial comes from patient and clinical site recruitment. This is the most common reasons why trials get delayed and become extremely costly. CB2 Insights has amassed one of the industry's largest patient registries seeking out and using integrative treatments, conventional medications and alternative plant-based medicines. This allows our partners to have immediate access to our patients' databases for a more time efficient and cost-effective approach.

Our team has extensive experience in providing CRO services to allow us to offer a turnkey solution across all phases of drug development including randomized control, pragmatic and post-marketing clinical trials. Our services are designed to identify and support clinical trial data through the generation of safety and efficacy claims from RWE. CB2 Insights may leverage any combination of its technology, patient registry and/or industry knowledge to support large-scale projects that focus on studying integrative therapies in various markets.

The Company's research and development team can work to support internal research departments and organizations to complement the services offered, or act as a full service CRO providing support from feasibility studies, clinical trial designs, regulatory and drug applications, protocol development and Ethics/IRB approval, patient clinical site recruitment, site monitoring and adverse events reporting, medical writing and publication submission.

In 2019, the Company began putting together members of its CRO primarily driven by the need to fill missing capacity within its target customers. It recognized that with the expertise in-house, it would further validate its technology adoption by customers also seeking the services of a CRO. With limited investment, the Company was able to validate its thesis as projects executed in 2019 required both the technology and the CRO services to be effectively contracted and delivered. Although a small part of its revenue in 2019, the Company believes this service will be paramount to future projects. The CRO services also serve an important internal function. With analytics of its treatment and outcome data from wholly owned clinics, the Company will be looking to publish these findings in medical journals to help advance the understanding and adoption of new therapies and treatments. The Company also sees opportunities in 2020 to support complementary trials in the US that are in need of patients for recruitment. The Company is involved actively in 2020 in multiple discussions with research organizations and industry stakeholders in the US.

SEGMENTATION

The Company's current revenue is generated predominantly through its clinical operations by way of medical services. In 2019, medical services were categorized as uninsured medical services. In 2020, the Company expects to expand by also offering insurable services in a single consolidated medical services operating segment.

The Company also derives a small but growing segment of revenue from projects in its Technology & Data Analytics division as well as its Contract and Research division. While both divisions are new, the Company expects growth in these areas as the Company's offerings and the industry mature over the coming years.

See Appendix "B" for additional disclosure

3.2 Significant Acquisitions and Dispositions

See Appendix "B" for this disclosure

3.3 Trends, Commitments, Events or Uncertainties

See Appendix "B" for a discussion of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

4 Narrative Description of the Business

4.1 General

See section 3.1 above and Appendix "B" for a narrative description of the business.

4.2 Asset Backed Securities

The Issuer does not have any asset-backed securities.

4.3 Mineral Projects

The Issuer does not have any mineral projects

4.4 Issuers with Oil and Gas Operations

The Issuer does not have any oil and gas operations.

5. Selected Consolidated Financial Information

5.1 See Appendix "A" for disclosure on annual financial information

5.2 See Appendix "A" for disclosure on quarterly financial information

5.3 Dividend - No dividends on the common shares have been paid by the Company to date. The Company currently plans to retain all future earnings and other cash resources, if any, for the future operation and development of its business. Payment of any future dividends, if any, will be at the discretion of the Company's Board of Directors after considering account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

5.4 Foreign GAAP

Not applicable

6. Management's Discussion and Analysis

6.1 Annual MD&A

The Issuer's annual Management's Discussion and Analysis ("**MD&A**") for its most recent fiscal year ended December 31, 2019 has been posted and is accessible at www.sedar.com.

6.2 to 6.14 See Appendix "B" for disclosure

Interim MD&A

This section is not applicable

7. Market for Securities

The Issuer is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario, and its Common Shares are currently listed for trading on the CSE under the symbol "CBII".

8. Consolidated Capitalization

See Appendix "B" for details on the Issuers capitalization.

9. Options to Purchase Securities

See Appendix "B" for details on the Issuers options to purchase securities.

10. Description of the Securities

10.1 Description of the Securities

The Issuer is authorised to issue an unlimited number of Common Shares.

10.2 to 10.6 Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A is applicable to the share structure of the Issuer.

10.7 Prior Sales of Common Shares

See Appendix "B"

10.8 Stock Exchange Price

Period	High (C$)	Low (C$)	Volume
June 2020	0.145	0.11	597,296
May 2020	0.114	0.059	592,535
April 2020	0.126	0.038	2,297,494
March 2020	0.091	0.035	607,278
February 2020	0.140	0.048	909,997
January 2020	0.180	0.048	981,743
Q4 2019	0.142	0.046	4,846,664
Q3 2019	0.200	0.089	2,086,787

11. Escrowed Securities

11.1 As at June 18, 2020 the following shares were held in escrow:

ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	25,556,907	26.5%

12. Principal Shareholders

To the knowledge of the directors and senior officers of the Issuer no person or company will beneficially own, directly or indirectly, or exercise control or direction over, shares of the Issuer carrying more than 10% of the voting rights attached to all outstanding shares of the Issuer.

13 Directors and Officers

13.1 – 13.3, 13.5 – Directors and Officers

Name & Municipality of Residence and Position	Present Occupation and Positions Held During the Last Five Years	Period served as Director/ Officer and when his/her term will expire	Number of Common Shares of the Issuer Beneficially Held	Percentage of Issued and Outstanding Common Shares of the Issuer
Kashaf Qureshi Milton, Ontario President, COO and Director	Consultant and Officer of the Company	March 5, 2019	8,853,058	9.17%
Pradyum Sekar Oakville, Ontario CEO and Director	Consultant and Officer of the Company	March 5, 2019	9,149,642	9.48%
Carmelo Marrelli Vaughn, Ontario CFO	Accountant	March 5, 2019	Nil	0%
Norton Singhavon Kelowna, British Columbia Director	Businessman	March 5, 2019	815,000	0.84%
Marc Adelson Director		April 23, 2019	167,000	0.17%
Peter Cummins Guelph, Ontario Director		July 4, 2019	104,000	0.11%
Tom Brogan Ottawa, Ontario Director		January 27, 2020	Nil	0%

13.4 Committees

The Issuer has an Audit Committee and a Compensation Committee. The Audit Committee is comprised of Kash Qureshi, Norton Singhavon and Marc Adelson each of whom is financially literate in accordance with section 1.6 of NI 52-110. The Compensation Committee is comprised of Norton Singhavon and Marc Adelson and the Nomination Committee is comprised of Prad Sekar, Norton Singhavon and Marc Adelson.

13.5 The following directors are also directors of the reporting issuers listed below:

Director	Reporting Issuer	Name of Trading Market
Norton Singhavon	GTEC Holding Ltd. British Columbia	TSXV

13.6 Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Issuer, except as described below, none of the directors or officers of the Issuer or any of their personal holding companies:

(a) is, as at the date of this Listing Statement, or has been, within ten years before the date of this Listing Statement, a director, chief executive officer or chief financial officer of any company, including the Issuer, that:

- was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or executive officer of any company, including the Issuer, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

To the knowledge of the issuer, none of the directors or officers or any of their personal holding companies has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director.

13.7, 13.8 Penalties or Sanctions

No director, officer, or promoter of the Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self- regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 Personal Bankruptcies

No director, officer or promoter of the Issuer, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 Conflicts of Interest

The Board of Directors of the Issuer is required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. If a conflict arises, any Director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board of Directors.

To the best of the Issuer's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Issuer, its promoters, Directors, officers or other members of management of the Issuer except that certain of the Directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a Director, officer, promoter or member of management of the Issuer.

The Directors and officers of the Issuer are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by Directors of conflicts of interest and the Issuer will rely upon such laws in respect of any Directors' and officers' conflicts of interest or in respect of any breaches of duty to any of its Directors and officers.

13.11 Management

Kashaf Qureshi, (President, Chief Technical Officer and Director)
As co-founder of the Company, Kash brings more than 20 years of extensive operational and entrepreneurial experience in the healthcare, medical cannabis and technology start-up space. An ardent cost-efficiency executive, Kash has focused on promoting improved cash flow, operational proficiencies and overall profitability in a series of organizations throughout the healthcare sector.

Pradyum Sekar, (Chief Executive Officer and Director)
As co-founder of the Company, Prad has spent more than 15 years as an entrepreneur throughout the healthcare sector from the clinical side through to innovation building. From opening one of the most recognized Cannabis Education Centres in Ontario to consulting on major healthcare IT and services integrations, Prad has held several senior positions in all sizes of corporate organizations.

Carmelo Marrelli, (Chief Financial Officer)
Carmelo Marrelli is the principal of Marrelli Support Services Inc., a firm that has delivered accounting and regulatory compliance services to listed companies on various exchanges for 18 years, where he has worked since February 2009. Mr. Marrelli is a Chartered Professional Accountant (CPA, CA, CGA) and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. He has a Bachelor of Commerce degree from the University of Toronto.

14. Capitalization

This section is not applicable to this filing.

15. Executive Compensation

See Appendix “A”

16. Indebtedness of Directors and Executive Officers

No director or officer, or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of CB2 Insights was a director of CB2 Insights or any associate of CB2 Insights, is indebted to CB2 Insights, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by CB2 Insights.

17. Risk Factors

See Appendix “B”

18. Promoters

There are no promoters of the Issuer.

19. Legal Proceedings

19.1 Legal Proceedings

There are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Issuer to be contemplated.

19.2 Regulatory actions

The Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer’s securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. Interest of Management and Others in Material Transactions

Other than as disclosed herein, no director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of the Issuer’s outstanding voting securities, or an associate or affiliate of any such

persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary.

See Appendix "B" for further details.

21. Auditors, Transfer Agents and Registrars

21.1 The auditor of the issuer is Grant Thornton LLP, 201 City Centre Drive, Suite 501, Mississauga ON Canada L5B 2T4

21.2 The transfer agent and registrar of the Issuer is Capital Transfer Agency ULC, 390 Bay St Suite 920, Toronto, ON M5H 2Y2.

22. Material Contracts

22.1 The Issuer currently has no material contracts.

22.2 This section is not applicable.

23 Interest of Experts

23.1 to 23.4 Not applicable.

24. Other Material Facts

24.1 This section not applicable.

25. Financial Statements

25.1 See Appendix "A" attached

25.2 Not applicable

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Mississauga

this 18th day of June, 2020.

"signed"	"signed"
Chief Executive Officer, Prad Sekar	Chief Financial Officer, Carmelo Marrelli
N/A	"signed"
Promoter (if applicable)	Director, Norton Singhavon
"signed"	
Director, Marc Adelson	

CERTIFICATE OF THE TARGET – N/A

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

_____	_____
Chief Executive Officer	Chief Financial Officer
_____	_____
Promoter (if applicable)	Director
_____	
Director	

[print or type names beneath signatures]

APPENDIX “A”

CB2 Insights Inc.
Audited Consolidated Financial Statements
December 31, 2019 and 2018
(Expressed in Canadian Dollars)

CB2 Insights Inc.

(formerly 10557404 Canada Corp.) CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2019 AND 2018 (EXPRESSED IN CANADIAN DOLLARS)

Management's Report on Financial Statements

The consolidated financial statements of CB2 Insights In. have been prepared by, and are the responsibility of, the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect management's best estimates and judgments based on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position and results of operations of the Company.

The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval. The Audit Committee also reviews with management the Company's systems of internal control, and reviews the scope of the external auditors' audit and non-audit work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company who are thus considered to be free from any relationship that could interfere with their exercise of independent judgment as a committee member.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 18, 2020

"Pradyum Sekar"	Carmelo Marrelli
Signed: CEO	Signed: CFO

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4

T +1 416 366 0100
F +1 905 804 0509

Independent auditor's report

To the Shareholders of CB2 Insights Inc.

Opinion

We have audited the consolidated financial statements of CB2 Insights Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not yet achieved profitable operations, has accumulated losses of $16,522,211 and has a working capital deficit of $6,711,281 as at December 31, 2019. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant Cuylle.

Grant Thornton LLP

Mississauga, Canada
June 18, 2020

Chartered Professional Accountants
Licensed Public Accountants

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash (note 4)	**$ 130,273**	$ 433,833
Inventories	**36,965**	94,854
Trade and other receivables (note 9)	**309,353**	297,479
Receivable from related party	**-**	50,000
Prepaid expenses	**25,436**	31,364
Total current assets	**502,027**	907,530
Furniture and equipment (note 10)	**182,028**	238,173
Right-of-use assets (note 11)	**1,532,128**	-
Computer software and technology (note 12)	**1,312,170**	1,756,447
Other intangible assets (note 13)	**4,321,118**	3,907,917
Goodwill (note 13)	**1,634,611**	3,960,758
Deferred tax	**-**	122,778
Total assets	**$ 9,484,082**	$ 10,893,603
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 1,849,115**	$ 779,370
Income taxes payable	**-**	8,185
Convertible debentures (note 15)	**-**	982,490
Payable to related parties	**24,840**	-
Promissory note payable (note 16)	**4,003,465**	-
Purchase consideration payable (notes 6, 7 and 8)	**566,318**	-
Lease liabilities (note 17)	**769,570**	-
Total current liabilities	**7,213,308**	1,770,045
Promissory note payable (note 16)	**-**	3,274,080
Lease liabilities (note 17)	**883,441**	-
Total liabilities	**8,096,749**	5,044,125
Shareholders' equity		
Share capital (note 19)	**12,224,770**	7,794,137
Warrant reserve (note 19)	**3,356,534**	2,685,560
Option reserve (note 19)	**1,552,361**	301,623
Shares and units to be issued	**334,903**	75,499
Equity component of convertible debentures (note 15)	**-**	82,428
Accumulated other comprehensive income	**440,976**	457,990
Accumulated deficit	**(16,522,211)**	(5,547,759)
Total shareholders' equity	**1,387,333**	5,849,478
Total liabilities and shareholders' equity	**$ 9,484,082**	$ 10,893,603

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

Nature of operations and going concern (note 1)
Subsequent events (note 24)

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Consolidated Statements of (Loss) and Comprehensive (Loss)
(Expressed in Canadian Dollars)

Years ended December 31,	2019	2018
Revenues		
Software	**$ 35,534**	$ 28,366
Contract research solutions	**110,138**	-
Clinic	**13,278,075**	10,739,645
	13,423,747	10,768,011
Cost of sales	**4,100,672**	2,862,749
Gross profit	**9,323,075**	7,905,262
Operating expenses		
Salaries and wages	**6,514,287**	4,876,240
Office and administration	**1,836,397**	1,674,768
Marketing and business development	**1,057,861**	916,445
Professional fees	**1,851,168**	994,809
Director fees	**136,500**	-
Rent	**225,541**	763,040
Share-based compensation	**1,120,813**	546,446
Impairment of goodwill and intangible assets	**3,607,499**	-
Depreciation and amortization	**2,257,560**	1,005,549
Total operating expenses	**18,607,626**	10,777,297
Loss from operations	**(9,284,551)**	(2,872,035)
Finance expenses		
Foreign exchange loss	**266,422**	302,151
Reverse takeover transaction cost (note 5)	**807,995**	-
Change in fair value (notes 7, 8 and 15)	**429,338**	-
Interest on long-term debt	**-**	249,308
Accretion on convertible debentures (note 15)	**28,632**	349,863
Interest on lease liabilities (note 17)	**212,315**	-
Gain on debt settlement (note 15)	**(166,311)**	-
Net loss before income taxes	**(10,862,942)**	(3,773,357)
Income tax expense (recovery)	**111,510**	(116,613)
Net loss	**(10,974,452)**	(3,656,744)
Other comprehensive (loss) income		
Exchange difference on translation of foreign operations, net of tax	**(17,014)**	681,105
Net loss and comprehensive loss	**$ (10,991,466)**	$ (2,975,639)
Basic and diluted net loss per common share	**$ (0.142)**	$ (0.065)
Weighted average number of common shares outstanding - basic and diluted	**77,196,975**	56,165,850

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

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Statements of Cash Flows
(Expressed in Canadian Dollars)

Years Ended December 31,	**2019**	**2018**
Operating activities		
Net loss for the year	**$ (10,974,452)**	$ (3,656,744)
Adjustments for:		
Depreciation and amortization	**2,257,560**	1,005,549
Unrealized foreign exchange loss	**263,970**	302,151
Accretion on convertible debentures	**28,632**	349,863
Interest on lease liabilities	**212,315**	-
Impairment loss	**3,607,499**	-
Reverse takeover transaction cost	**807,995**	-
Share-based compensation	**1,120,813**	546,446
Gain on extinguishment of debt	**(166,311)**	-
Change in fair value of financial assets	**429,338**	-
Shares issued for services	**-**	24,999
Deferred tax	**-**	(116,613)
Changes in non-cash working capital items:		
Inventories	**54,496**	(83,448)
Trade and other receivables (note 9)	**(14,746)**	(145,922)
Prepaid expenses	**5,783**	3,866
Accounts payable and accrued liabilities	**1,106,886**	685,478
Receivable from related parties	**-**	(50,000)
Income taxes	**111,460**	-
Net cash used in operating activities	**(1,148,762)**	(1,134,375)
Investing activities		
Purchase of furniture and equipment	**(71,423)**	(241,243)
Development of computer software	**(1,048,602)**	(1,183,064)
Purchase consideration paid	**(722,283)**	-
Net cash used in investing activities	**(1,842,308)**	(1,424,307)
Financing activities		
Proceeds from related parties	**24,840**	-
Repayment of convertible debt	-	(440,506)
Shares and warrants issued for cash	**2,761,832**	4,353,452
Principal payment of lease liabilities	**(706,619)**	-
Interest paid on lease liabilities	**(195,609)**	-
Shares and warrants to be issued	**-**	75,499
Proceeds from issuance of promissory note	**787,800**	3,274,080
Repayment of promissory note	**-**	(3,260,438)
Repurchase of shares and warrants	**-**	(1,676,011)
Net cash provided by financing activities	**2,672,244**	2,326,076
Net increase in cash during the year	**(318,826)**	(232,606)
Effect of foreign currency on cash	**15,266**	(348,043)
Cash, beginning of year	**433,833**	1,014,482
Cash, end of year	**$ 130,273**	$ 433,833

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

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Shares and 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 19 (b))	10,209,093	2,990,602	1,488,596	-	-	-	-	-	4,479,198
Share issuance costs - cash	-	(101,134)	(50,452)	-	-	-	-	-	(151,586)
Share issuance costs - warrants	-	(32,126)	32,126	-	-	-	-	-	-
Shares issued in settlement of convertible debentures	-	-	-	-	-	-	-	(291,149)	(291,149)
Units to be issued	-	-	-	-	75,499	-	-	-	75,499
Share-based compensation	-	-	-	546,446	-	-	-	-	546,446
Exercise of stock options	2,702,273	497,605	-	(471,765)	-	-	-	-	25,840
Shares issued for services	56,800	16,762	8,237	-	-	-	-	-	24,999
Shares issued on acquisition of software	2,040,909	810,500	-	-	-	-	-	-	810,500
Shares buy-back	(3,897,700)	(1,427,036)	(171,021)	-	-	-	-	(77,954)	(1,676,011)
Foreign currency translation	-	-	-	-	-	-	681,105	-	681,105
Net loss for the year	-	-	-	-	-	-	-	(3,656,744)	(3,656,744)
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**

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Consolidated Statement of Changes in Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Shares and Units to be Issued	Equity component of convertible debenture	Accumulated other comprehensive income	Deficit	Total
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**
Private placement (note 19 (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 (note 19(b))	-	(21,726)	(8,146)	-	-	-	-	-	(29,872)
Exercise of stock options	355,560	67,954	-	(58,154)	-	-	-	-	9,800
Shares issued in settlement of convertible debt (note 19 (b))	7,594,547	1,093,549	-	-	-	(82,428)	-	-	1,011,121
Shares issued on acquisition (notes 6,7 and 8)	950,000	294,500	-	-	-	-	-	-	294,500
Rights issue (note 19 (b))	7,281	3,276	-	-	-	-	-	-	3,276
Shares issued and to be issued in settlement of accrued interest (notes 16 and 19 (b))	2,297,498	369,131	-	-	115,907	-	-	-	485,038
Shares issued in settlement of contingent consideration	1,000,380	144,930	-	-	-	-	-	-	144,930
Shares issued and to be issued against exercise of warrants	760,686	289,161	(220,699)	-	218,996	-	-	-	287,458
Shares issued on reverse takeover (note 5)	1,363,636	504,273	18,735	188,079	-	-	-	-	711,087
Share-based compensation (note 19 (b))	-	-	-	1,120,813	-	-	-	-	1,120,813
Foreign currency translation	-	-	-	-	-	-	(17,014)	-	(17,014)
Net loss for the year	-	-	-	-	-	-	-	(10,974,452)	(10,974,452)
Balance, December 31, 2019	**82,836,742**	**$ 12,224,770**	**$ 3,356,534**	**$ 1,552,361**	**$ 334,903**	**$ -**	**$ 440,976**	**$ (16,522,211)**	**$ 1,387,333**

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

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) which was incorporated in the province of Ontario on November 3, 2014 under the Ontario Business Corporation Act (“OBCA”). CB2 operates 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.

The comparative information disclosed in these consolidated financial statements is that of MVC Technologies Inc.

Going concern

These 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 $16,522,211 and has negative cash flow from operations. The Company has working capital deficit as of the balance sheet date of $6,711,281. The Company has raised debt and equity financing through 2017 and 2018 and during the year ended December 31, 2019 in order to fund platform development and activities resulting in growth in its customer base. The Company expects that the investments it made in 2017 and 2018 and during the year ended December 31, 2019 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 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 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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Board of Directors approved these consolidated financial statements on June 18, 2020.

2. Basis of presentation (continued)

Basis of consolidation

Subsidiaries are entities controlled by CB2. Control exists when the entity is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company. The Company also assesses existence of control where it does not have more than 50% of voting power but is able to control the investee by virtue of de facto control.

The Company's subsidiaries include entities which are controlled via contractual arrangements that provide the Company with control over these entities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries are eliminated to the extent of the Company's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements of the Company set out the assets, liabilities, expenses, and cash flows of the Company and its subsidiaries, namely:

Entity	Country of incorporation	Ownership interest at December 31 2019	2018
MVC Technologies USA Inc.	USA	100%	100%
MVC Colorado, P.C.	USA	0%	N/A
MVC New Jersey Medical Group, P.C.	USA	0%	N/A

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis.

2. Basis of presentation (continued)

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars which is the presentation currency. The functional currency of each entity in the Group is determined separately in accordance with International Accounting Standard IAS 21 – The Effects of Changes in Foreign Exchange Rates and is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency is the United States Dollar ("USD") for operations in the United States including MVC USA Corp., MVC Colorado, P.C. and MVC New Jersey Medical Group, P.C. and the Canadian dollar ("CAD") for operations in Canada under CB2. Translation gains and losses resulting from translation of functional currency balances of subsidiaries into the presentation currency and those relating to intercompany loans from foreign operations, for which settlement is neither planned nor likely to occur in the foreseeable future, are recorded in other comprehensive income.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of foreign currency transactions not in the entity's functional currency are included in the profit and loss.

3. Summary of significant accounting policies

Revenue recognition

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Software revenue – Sail and TokeIn

Sail is a Clinical Decision Support (CDS) platform with a suite of practice management tools built to support the workflows of a clinician and/or their clinical practice specializing in medical cannabis. The platform is licensed to cannabis and other specialty clinics as a full-scale practice management software tool that supports a clinic's entire management processes such as patient document management, scheduling and reporting functions. The platform can also be used as a standalone product by healthcare practitioners to help in the evaluation, dosing and prescription of medical cannabis at the point-of-care. The Company provides access to the platform to clinicians on a subscription basis.

TokeIn provides a SaaS-based customer relationship management (CRM) software and a sales and marketing platform with loyalty and rewards programs allowing its customers, including retail customers, to improve on customer acquisition, customer retention and analytics by feeding business intelligence and targeted marketing campaigns to their customer base.

The Company's principal source of revenue results from monthly subscription fees for the Sail and TokeIn platforms once the contract is executed. The subscription fee is billed to the customer and recognized as revenue at the end of each month and is receivable within 15 days.

The Company has determined that the provision of licenses to customers for both the Sail and TokeIn platforms to be a right to use and revenue is recognized over time on a monthly basis as subscription fees are charged to customers.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract research revenue

Revenue from a contract to provide research services is recognized over time as the services are rendered based on time spent. This revenue is generated (and performance obligation met) by providing research services to customers. For each contract with a customer, the Company identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the performances promised.

Clinic revenue solutions revenue

This revenue stream was acquired as a part of the Canna Care asset acquisition in 2017 and asset acquisition of MedEval Clinic LLC, Rae of Sunshine Health Services and New Jersey Alternative Medicine LLC during the year as explained in notes 6, 7 and 8. With regards to this revenue stream, the Company recognizes revenue from the provision of consultation services and discussing various treatment plans with patients, including the use of medical cannabis, to alleviate their symptoms. Revenue is recognized at the point in time when these services are provided to the patients. The Company requires upfront payment from patients for their visit.

Inventory

Inventory is held for resale and is recorded at the lower of average cost and net realizable value.

Furniture and equipment

Items of furniture and equipment are recorded at cost less accumulated depreciation. Cost includes all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. All furniture and equipment is amortized on a straight-line basis over a 3 year useful life.

Computer software and technology

The Company incurs costs associated with the design and development of its CDS software. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Internally generated software development costs recognized as intangible assets are carried at cost less any accumulated amortization on a straight-line basis over 3 years after available for commercial release. These assets are subject to impairment testing as described below.

3. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Customer relationships, brand and non-compete clause

The Company acquired customer relationships, brand and non-compete clause as part of the acquisition of Canna Care, MedEval Clinic LLC, Rae of Sunshine Health Services and New Jersey Alternative Medicine LLC. Customer relationships and non compete clause are being amortized on a straight line basis over a 5 year useful life whereas brands have an indefinite useful life.

Impairment of non-financial assets

The Company reviews goodwill and indefinite life intangible assets for impairment annually, or when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. The Company reviews the carrying amounts of its finite life non-financial assets, when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. Each of the Company’s operations in the US and Canada are CGUs for purposes of evaluating impairment and measuring recoverable amounts.

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). In assessing VIU, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. FVLCD is the price that would be received to sell an asset or cash generating unit in an orderly transaction between market participants at the measurement date, less the costs of disposal. When a binding sale agreement is not available, FVLCD is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. With the exception of goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Segment information

The Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker (the "CODM") with respect to segmented information disclosures. The CODM represents the appropriate level of management to analyze and determine the distinct operating segments of the Company. The CODM examine the Company's performance both from a product and geographic perspective and has identified two reportable segments of its business, namely the US and the Canadian operations.

3. Summary of significant accounting policies (continued)

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized in the Statement of Financial Position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

a) amortized cost
b) fair value through profit or loss (FVTPL), or
c) fair value through other comprehensive income (FVTOCI).

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTPL or FVTOCI. Financial assets classified and subsequently measured at amortized cost include cash, trade and other receivables and receivable from related party.

Financial liabilities are classified into one of the following measurement categories:

a) amortized cost; or
b) fair value through profit or loss (FVTPL).

Financial liabilities not at FVTPL are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized. Financial liabilities classified and subsequently measured at amortized cost include accounts payable and accrued liabilities, convertible debentures and payable to related parties. Financial liabilities classified and subsequently measured at FVTPL include promissory note payable and purchase consideration payable.

The promissory note payable contains an embedded derivative related to equity-indexed interest payments which is not closely related to the debt host instrument. As a result, the Company has elected to account for the entire instrument at FVTPL.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial instruments

For trade accounts receivable, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all accounts receivable based on the Company's historical default rates over the expected life of the accounts receivable and is adjusted for forward-looking estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

All individually significant receivables are assessed for impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together loans receivable with similar risk characteristics.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the statements of comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Fair value measurement

The Company classifies its fair value measurements and disclosures using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Unobservable inputs for the asset or liability. Inputs into the determination of the fair value require management judgment or estimation.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes to valuation methods may result in transfers into or out of an investment's assigned level.

3. Summary of significant accounting policies (continued)

Equity

The common shares of the Company are classified as equity. Costs, such as commissions, professional fees and regulatory fees directly attributable to issuance of common shares are deducted from the proceeds of equity offerings.

The value of the share capital issued as consideration is based on the stock trade value or is valued at the time the risk and rewards of ownership of the asset are transferred to the Company or the Company's liability is extinguished. Equity component of convertible debentures is the residual value after the liability component is measured at fair value. Warrant reserve includes the fair value of warrants issued. Option reserve includes the fair value of options issued and expected to vest.

Accumulated other comprehensive income includes impact of foreign exchange translation for net equity held in foreign operations.

Leases

The Company adopted IFRS 16 - Leases on January 1, 2019.

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.

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.

3. Summary of significant accounting policies (continued)

Leases (continued)

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.

The following table reconciles the minimum lease commitments disclosed as at December 31, 2018 to the amount of lease liabilities recognized on 1 January 2019:

Minimum operating lease commitment at December 31, 2018	$ 1,806,204
Less: short-term leases not recognized under IFRS 16	(89,270)
Plus: effect of extension of options reasonably certain to be exercised	245,083
Undiscounted lease payments	1,962,017
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(238,239)
Lease liabilities as at January 1, 2019	$ 1,723,778

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.

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, leases are reassessed to determine if the Company is reasonably certain to exercise options and account for any changes at the date of the reassessment.

3. Summary of significant accounting policies (continued)

Share-based payments

The Company records equity settled share-based payments for the granting of stock options and warrants granted using the fair value method whereby all awards to employees and consultants are recorded at the fair value of each stock option or warrant at the date of the grant using the Black-Scholes option pricing model.

The fair value of the stock options is amortized over the vesting period with a corresponding increase in equity reserves. The amount recognized as an expense is adjusted to reflect the number of options expected to eventually vest. Any consideration paid by the option or warrant holders to purchase shares is credited to share capital and the related share-based payments is transferred from warrant or option reserve to share capital.

Significant accounting judgments and estimates

Application of accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made.

Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

The following areas require significant estimates or judgment by management.

Functional currency

Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currency and country-specific factors that mainly influence sales prices, and the currencies that mainly influence labour, supplies, and other costs of providing goods or services.

Business combinations

When the Company completes an acquisition, management is required to make judgments to determine whether the acquisition meets the definition of a business under IFRS 3 – Business Combinations.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may determine the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows.

These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

3. Summary of significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

Business combinations (continued)

In addition, the Company may provide contingent consideration as part of the purchase price for acquisitions of businesses and/or assets. Management is required to make judgments and estimates of the future performance of the acquired business and/or assets in order to determine the amount of contingent consideration to be recognized at acquisition and at each subsequent reporting date.

Acquisition-related costs are expensed as incurred and are included in professional fees. During the year, the Company completed three acquisitions and the aggregate costs incurred were $184,217 (2018 - $nil).

Impairment of long-lived assets

Long-lived assets are tested for impairment if there is an indicator of impairment and annually for all CGUs with goodwill and/or intangible assets that are not amortized. The Company considers both external and internal sources of information for indications that long-lived assets are impaired. External sources of information we consider include changes in the market and economic and legal environment in which the CGU operates that are not within its control and affect the recoverable amount of goodwill. Internal sources of information considered include the strategic plans for the production and distribution segments including estimates of revenue and other indications of economic performance of the assets. Calculating the fair value less cost of disposal ("FVLCD") of CGUs for impairment tests requires management to make estimates and assumptions with respect to future revenue, costs of sales, expenses, other net cash flow adjustments and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis. Refer to note 13 for further information.

Warrants, options, and equity-components of convertible debentures

Common share purchase warrants, options, and the equity-components of convertible debentures require a determination of the date of grant and the fair value of the units at that date, and for cash-settled share-based payments at each reporting date thereafter. The estimation of fair value requires the application of the most appropriate valuation model as well as the inputs to the model.

Income taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities.

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the statements of financial position, a charge or credit to income tax expense included as part of net income and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

3. Summary of significant accounting policies (continued)

Significant accounting judgments and estimates (continued)

Lease

See above lease accounting policy section for details.

Fair value of financial instruments not quoted in an active market

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Control of subsidiaries via contractual arrangements

The Company applied judgment in concluding control over its subsidiaries where it does not hold a majority of voting rights.

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.

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 measured right of use asset at an amount equal to the lease liability recognized as at January 1, 2019.

See note 17.

(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.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

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 Securities 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" and on May 17, 2019, the Company commenced trading on the OTCQB, under the symbol 'CBIIF'.

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 – Share-Based Payment 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.

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. Acquisition of MedEval Clinic LLC

On April 9, 2019 (the "Closing Date"), the Company acquired identified assets of MedEval Clinic LLC, a medical cannabis evaluation and education center group with multiple locations in Colorado and Arizona. The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with the MedEval Clinic LLC's workforce and is expected to be fully deductible for tax purposes.

The aggregate purchase consideration comprises the following:

- $199,740 cash (US$150,000)
- 450,000 common shares in the Company valued at $0.31 per share amounting to $139,500
- Contingent consideration payable in shares upon completion of the milestones of the numbers of patients certified. As per the terms of the initial agreement, contingent consideration of up to US$240,000 was payable in shares valued at the greater of US$0.50/share and the 30-day volume weighted average price at the date of issuance, upon completion of four milestones ranging from 2,500 to 10,000 patients certified over 12 months from Closing Date. The shares were subject to a minimum hold period of four months plus one day from the date of issuance. Contingent consideration has been accounted for as a liability measured at fair value through profit or loss as it will result in the issuance of a variable number of shares. Subsequently, on November 7, 2019 the Company executed an amended agreement whereby all contingent earnout payments were removed in exchange for issuance of 100,000 common shares in the Company valued at $0.125 per share amounting to $12,500. The amendment has been accounted for as an extinguishment of financial liability under IFRS 9.

6. Acquisition of MedEval Clinic LLC (continued)

The allocated purchase price calculation is as follows:

Consideration - shares: 450,000 shares at $0.31	$	139,500
Consideration - cash		199,740
Consideration - contingent consideration in common shares		112,697
Total consideration paid	$	451,937
Identifiable assets acquired		
Customer relationships		119,844
Brand		158,460
Non-compete clause		1,332
Total identifiable assets acquired		279,636
Total goodwill		172,301
	$	451,937

Operating results have been included in these consolidated financial statements from the date of the acquisition. MedEval Clinic LLC's revenue and net income for the period from the date of acquisition to December 31, 2019 included in the consolidated statement of comprehensive loss are $563,797 and $171,408, respectively. Due to non-availability of information, it is not practicable to disclose the revenue and net income for the year had the above noted business combination occurred on January 1, 2019.

7. Acquisition of ROSH

On April 4, 2019 (the "Closing Date"), the Company acquired identified assets of Colorado-based medical cannabis clinic group Rae of Sunshine Health Services ("ROSH") LLC, operating as "Relaxed Clarity". The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with the ROSH's workforce and is expected to be fully deductible for tax purposes.

The aggregate purchase consideration comprises the following:

- $267,140 cash (US$200,000)
- 500,000 common shares in the Company valued at $0.31 per share amounting to $155,000
- Contingent consideration of US$200,000 payable in cash and up to US$300,000 is payable in shares valued at 30- day volume weighted average price at the date of issuance, upon completion of five milestones ranging from 3,000 to 15,000 patients certified within 6 to 12 months from Closing Date. The shares will be subject to a minimum hold period of four months plus one day from the date of issuance. The first, second and third milestones are achieved and $133,570 (US$100,000) was paid for the achievement of first milestone, 900,380 common shares of the Company amounting to $133,570 (US$100,000) were issued for the achievement of second milestone and 882,979 common shares of the Company amounting to $100,178 (US$75,000) are to be issued for the achievement of third milestone. Contingent consideration has been accounted for as a liability measured at fair value through profit or loss as it will result in the issuance of a variable number of shares. As at December 31, 2019, the Company has estimated its obligation associated with remaining milestone payments to be $221,940 and a fair valuation gain of $61,932 has been recognized during the year.

7. Acquisition of ROSH (continued)

The allocated purchase price calculation is as follows:

Consideration - shares: 500,000 shares at $0.31	$	155,000
Consideration - cash		267,140
Consideration - contingent consideration		331,728
Assumed liabilities		140,430
Total consideration	$	894,298
Identifiable assets acquired		
Customer relationships		320,568
Brand		160,284
Non-compete clause		5,343
Total identifiable assets acquired		486,195
Total goodwill		408,103
	$	894,298

Operating results have been included in these consolidated financial statements from the date of the acquisition. ROSH's revenue and net income for the period from the date of acquisition to December 31, 2019 included in the consolidated statement of comprehensive income are $1,188,602 and $17,576, respectively. Due to non-availability of information, it is not practicable to disclose the revenue and net income for the year had the above noted business combination occurred on January 1, 2019.

8. Acquisition of NJAM

On July 1, 2019, the Company acquired identified assets of New Jersey Alternative Medicine LLC ("NJAM"), a medical cannabis evaluation and education center group with multiple locations in New Jersey under an earn-out arrangement with no cash or other consideration payable on closing date. The Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with NJAM's workforce and is expected to be fully deductible for tax purposes.

The aggregate purchase consideration comprises the following:

- As per the terms of the initial agreement, 25% of the NJAM's existing patients' visit fees up to 13 months from closing date would be paid in cash and by issuance of common shares of equal amount, subject to a hold period of 4 months from issuance. An amount of $121,080 (US$92,329) was earned and paid for the months of July and August 2019. Contingent consideration has been accounted for as a liability measured at fair value through profit or loss as it will result in the issuance of a variable number of shares. Subsequently, on January 6, 2020, the Company signed an amended agreement whereby all contingent earnout payments were removed in exchange for issuance of 2,500,000 common shares in the Company valued at $0.14 per share amounting to $350,000. This is a non-adjusting subsequent event and no adjustments were made to the amounts recognized in these consolidated financial statements. As at December 31, 2019, the Company has estimated its obligation associated with remaining milestone payments to be $344,378 and a fair valuation gain of $96,098 has been recognized during the year.

8. Acquisition of NJAM (continued)

The allocation purchase price calculation is as follows:

Contingent consideration - cash and shares	$	543,278
Total consideration paid	$	543,278
Identifiable assets acquired		
Customer relationships		367,192
Non-compete clause		2,623
Total identifiable assets acquired		369,815
Total goodwill		173,463
	$	543,278

Operating results have been included in these consolidated financial statements from the date of the acquisition. NJAM's revenue and net income for the period from the date of acquisition to December 31, 2019 included in the consolidated statement of comprehensive income are $1,590,270 and $617,953, respectively. Due to non-availability of information, it is not practical to disclose the revenue and net income for the year had the above noted business combination occurred on January 1, 2019.

9. Trade and other receivables

		December 31, 2019		December 31, 2018
Trade receivables	**$**	**71,569**	$	8,851
Harmonized sales tax recoverable		**136,592**		199,046
Security deposits		**101,192**		89,582
	$	**309,353**	$	297,479

10. Furniture and equipment

	Furniture	Vehicles	Computer Hardware	Leaseholds	Equipment	Total
Cost						
Balance, January 1, 2018	**$ 16,235**	**$ 10,973**	**$ 2,732**	**$ 12,875**	**$ 13,747**	**$ 56,562**
Additions	67,984	11,266	74,706	53,484	33,802	241,242
Net exchange differences	2,580	1,555	4,189	3,953	-	12,277
Balance, December 31, 2018	**86,799**	**23,794**	**81,627**	**70,312**	**47,549**	**310,081**
Additions	33,243	-	37,914	266	-	71,423
Impairment	(1,286)	(244)	(1,845)	(846)	-	(4,221)
Net exchange differences	(2,869)	(1,137)	(4,699)	(3,360)	-	(12,065)
Balance, December 31, 2019	**$ 115,887**	**$ 22,657**	**$ 114,842**	**$ 67,218**	**$ 47,549**	**$ 365,218**
Amortization						
Balance, January 1, 2018	**$ 2,407**	**$ -**	**$ -**	**$ -**	**$ 4,582**	**$ 6,989**
Amortization	18,053	6,154	13,890	13,845	10,702	62,644
Net exchange differences	482	325	735	733	-	2,275
Balance, December 31, 2018	**20,942**	**6,479**	**14,625**	**14,578**	**15,284**	**71,908**
Amortization	34,695	7,715	34,107	22,877	15,848	115,242
Net exchange differences	(897)	(470)	(1,407)	(1,186)	-	(3,960)
Balance, December 31, 2019	**$ 54,740**	**$ 13,724**	**47,325**	**$ 36,269**	**$ 31,132**	**$ 183,190**
Net book value						
Balance, January 1, 2019	**$ 65,857**	**$ 17,315**	**$ 67,002**	**$ 55,734**	**$ 32,265**	**$ 238,173**
Balance, December 31, 2019	**$ 61,147**	**$ 8,933**	**$ 67,517**	**$ 30,949**	**$ 16,417**	**$ 182,028**

11. Right-of-use assets

Premises leases	**December 31, 2019**
Beginning balance	$ 1,723,778
Additions - net	697,818
Depreciation	(787,569)
Impairment	(25,699)
Impact of foreign exchange	(76,200)
Ending balance	$ 1,532,128

12. Computer software and technology

Cost	
Balance, January 1, 2018	**$ 476,104**
Additions - TokeIn	982,785
Additions - internally generated	1,033,064
Net exchange differences	1,478
Balance, December 31, 2018	**2,493,431**
Additions	1,048,602
Impairment - TokeIn	(583,061)
Net exchange differences	(881)
Balance, December 31, 2019	**$ 2,958,091**
Amortization	
Balance, January 1, 2018	**$ 153,067**
Amortization	583,686
Net exchange differences	231
Balance, December 31, 2018	**736,984**
Amortization	909,281
Net exchange differences	(344)
Balance, December 31, 2019	**$ 1,645,921**
Net book value	
Balance, January 1, 2019	**$ 1,756,447**
Balance, December 31, 2019	**$ 1,312,170**

Impairment testing

On September 11, 2018, the Company entered into an Asset Purchase Agreement with 1035855 Canada Inc. (“TokeIn”), acquiring the assets of TokeIn. TokeIn's primary asset is a web-based customer loyalty program specifically designed to cater to cannabis dispensaries across North America. During the year ended December 31, 2019, the Company revised it's future forecasts associated with TokeIn which were lower than initial estimates which indicated an impairment in the asset.

The Company used value-in-use ("VIU") as the basis for the determination of the recoverable amount of the Asset. The Company has used a valuation technique which includes an estimate of future cash flows for the next two years with a growth rate of 5%. The present value of the expected cash flows from the asset is determined by applying a discount rate of 19.3% which reflects current market assessments of the time value of money and the risks specific to the Asset. Carrying value and recoverable amount of the asset as at December 31, 2019 was $655,189 and $72,128, respectively. This resulted in an impairment loss on the asset amounting to $583,061.

13. Goodwill and other intangible assets

	Goodwill	Customer relationships	Brand	Non- compete	Total other intangibles
Cost					
Balance, January 1, 2018	**$ 3,642,260**	**$ 1,743,756**	**$ 2,209,175**	**$ -**	**$ 3,952,931**
Net exchange differences	318,498	152,482	193,181	-	345,663
Balance, December 31, 2018	**3,960,758**	**1,896,238**	**2,402,356**	**-**	**4,298,594**
Additions	689,827	847,634	342,754	9,297	1,199,685
Impairment loss	(2,919,711)	(74,214)	-	(593)	(74,807)
Net exchange differences	(96,263)	(145,080)	(147,510)	(196)	(292,786)
Balance, December 31, 2019	**$ 1,634,611**	**$ 2,524,578**	**$ 2,597,600**	**$ 8,508**	**$ 5,130,686**
Amortization					
Balance, January 1, 2018	**$ -**	**$ 11,467**	**$ -**	**$ -**	**$ 11,467**
Amortization	-	359,217	-	-	359,217
Net exchange differences	-	19,993	-	-	19,993
Balance, December 31, 2018	**-**	**390,677**	**-**	**-**	**390,677**
Amortization	-	446,801	-	-	446,801
Net exchange differences	-	(27,910)	-	-	(27,910)
Balance, December 31, 2019	**$ -**	**$ 809,568**	**$ -**	**$ -**	**$ 809,568**
Net book value					
Balance, January 1, 2019	**$ 3,960,758**	**$ 1,505,561**	**$ 2,402,356**	**$ -**	**$ 3,907,917**
Balance, December 31, 2019	**$ 1,634,611**	**$ 1,715,010**	**$ 2,597,600**	**$ 8,508**	**$ 4,321,118**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the group of CGUs expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below and is compared to its recoverable amount as at December 31, 2019 and 2018. The Company has determined that its CGUs are Canna Care Docs, MedEval, ROSH and NJAM.

	Carrying amount	Recoverable amount	Foreign exchange impact	Impairment loss
Canna Care Docs	$ 8,082,931	$ 5,724,269	$ 38,500	$ 2,397,162
MedEval	492,076	344,929	2,402	149,549
NJAM	662,513	387,801	4,484	279,196
ROSH	947,180	751,838	3,189	198,531
	$10,184,700	$ 7,208,837	$ 48,575	$ 3,024,438

The Company has used value-in-use ("VIU") as the basis for the determination of the recoverable amount of the CGU.

The Company has used a valuation technique which includes an estimate of future cash flows for the next five years. A terminal growth rate is determined and applied to project future cash flows after the fifth year. The present value of the expected cash flows from the CGUs are determined by applying a suitable discount rate reflecting current market assessments of the time value of money and the risks specific to the CGU. Projected future cash flows are based on operating profit growth rates for each CGU.

13. Goodwill and other intangible assets (continued)

Impairment testing (continued)

Key assumption:

	Growth rate	Terminal	Discount rate
Canna Care Docs	5%	2%	19.5%
MedEval	2%	2%	23.5%
NJAM	2%	2%	45%
ROSH	2%	2%	28%

Growth rates

The segment profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the segment operates.

Discount rate

The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the group of CGUs.

Sensitivity to changes in assumptions

If the CGUs were to fall short of its 2020 operating profit by 20%, the carrying amount of the CGU would exceed its recoverable amount as follows:

	Carrying amount	Recoverable amount	Foreign exchange impact	Impairment loss
Canna Care Docs	$ 8,082,931	$ 5,484,639	$ 38,500	$ 2,636,792
MedEval	492,076	327,525	2,402	166,953
NJAM	662,513	359,097	4,484	307,900
ROSH	947,180	696,639	3,189	253,730
	$10,184,700	$ 6,867,900	$ 48,575	$ 3,365,375

If the CGUs were to fall short of its 2020 operating profit by 10% combined with a 1% increase in the discount rate, the carrying amount of the CGU would exceed its recoverable amount as follows:

	Carrying amount	Recoverable amount	Foreign exchange impact	Impairment loss
Canna Care Docs	$ 8,082,931	$ 5,291,769	$ 38,500	$ 2,829,662
MedEval	492,076	319,955	2,402	174,523
NJAM	662,513	363,710	4,484	303,287
ROSH	947,180	696,329	3,189	254,040
	$10,184,700	$ 6,671,763	$ 48,575	$ 3,561,512

14. Accounts payable and accrued liabilities

	December 31, 2019	December 31, 2018
Accounts payable	**$ 1,158,628**	$ 454,222
Accrued liabilities	**690,487**	325,148
	$ 1,849,115	$ 779,370

The following is an aged analysis of the accounts payable and accrued liabilities:

	December 31, 2019	December 31, 2018
Less than 1 month	**$ 195,704**	$ 237,838
1 to 3 months	**386,049**	216,384
Greater than 3 months	**576,875**	-
	$ 1,158,628	$ 454,222

15. 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.

Accretion expenses amounting to $28,632 were recorded on the convertible debentures during the year (2018 - $141,539).

See note 19 regarding the conversion of the debentures during the year ended December 31, 2019.

16. Promissory note

On December 19, 2017 (the "Closing Date"), the Company entered into an acquisition transaction with Canna Care Docs as detailed in 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 $3,017,057 (US$2,336,449) on the closing date using an effective interest rate of 7%. Accretion expense amounting to $208,324 (2017 - $nil) was recorded on this promissory note during the year ended December 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 to convert the 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. The Company recorded a loss in fair value of $396,254 for the year on the Merida Note.

On June 24, 2019, the Company entered into an Amended and Restated Promissory Note with Merida Capital Partners II LP ("Merida"), whereby the Company promises to pay Merida US$3.0 million (the "Note"). The Note bears interest at 12.0% per annum and is due on December 24, 2020. Interest is paid through the issuance of common shares of the Company at a price per share equal to the 30-day volume weighted average price of the Company's common shares, less a discount of 18.0%. The Note was measured at fair value on issuance date and the Company has elected to carry the note at FVTPL. In measuring the fair value of the Note, the Company has used the Monte Carlo valuation technique.

As per the agreement of Merida Note II, during the year ended December 31, 2019, the Company issued 1,219,520 common shares of the Company in settlement of $241,090 accrued interest on the Merida Note and the Company incurred issuance cost amounting to $6,142 for these shares.

The amendment of the Merida Note has been accounted for as an extinguishment of the Merida Note and the issuance of the Merida Note II resulting in a gain of $166,311 recorded in the income statement.

The interest on Merida Note II shall be payable quarterly through the issuance of common shares of the Company at a price per share equal to the 30-day volume weighted average price of the Company's common shares traded on the Canadian Securities Exchange ending on the applicable quarterly interest payment date, less a discount of 18%. During the year ended December 31, 2019, interest expense amounting to $243,948 was recorded on Merida Note II, an amount of $128,041 was settled by the issuance of 1,077,978 common shares of the Company while an amount of $115,907 shall be settled by the issuance of common shares of the Company subsequent to the year end. The Company also recorded a loss in fair value of $191,114 for the year on the Merida Note II.

17. Lease liabilities

		December 31, 2019
Beginning balance	**$**	**1,723,778**
Additions		697,818
Interest expense		212,315
Lease payments		(902,228)
Impact of foreign exchange		(78,672)
Ending balance	**$**	**1,653,011**
Allocated as:		
Current (no later than 1 year)	$	769,570
Long-term (later than 1 year but no later than 5 years)		883,441
	$	**1,653,011**

18. Income tax

The deferred income tax expenses shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates due to the following:

		2019		2018
Statutory rate		**26.5%**		26.5%
Net loss before income taxes	**$**	**(10,862,942)**	$	(3,773,357)
Expected tax expense (recovery)		**(2,878,680)**		(999,940)
Tax rate differential for foreign taxes		**(25,909)**		(6,777)
Permanent differences		**333,470**		279,027
Other		**-**		49,691
Changes in tax benefits not recognized		**2,682,629**		561,386
Total income tax expenses (recovery)	**$**	**111,510**	$	(116,613)
The Company's income tax (recovery) is allocated as follows:				
Current income tax	**$**	**-**	$	-
Deferred income tax		**111,510**		(116,613)
	$	**111,510**	$	(116,613)

18. Income tax (continued)

Deferred tax

The following table summarizes the components of unrecognised tax benefits:

	2019	2018
Capital assets	**$ 941,000**	$ -
Losses carried forward	**2,429,000**	1,003,000
Unrealized gain	**(17,000)**	-
Undeducted interest	**142,000**	-
Financing costs	**56,000**	-
Losses carried forward	**3,551,000**	1,003,000
Deferred tax assets not recognized	**$ (3,551,000)**	$ (1,003,000)

The Company has non-capital losses to reduce future taxable income, the benefit of which has not been recognized. If unutilized, these losses will expire as follows:

Expires	2034	$ 20,000
	2035	104,000
	2036	211,000
	2037	429,000
	2038	1,389,000
	2039	5,767,000
	unlimited	1,213,000
		$ 9,133,000

19. 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**
Private placements, January 3, 2018 (i)(ii)(iii)(iv)	10,209,093	2,990,602
Share issuance costs (ix)	-	(101,134)
Share issuance costs - warrants (ix)	-	(32,126)
Exercise of stock options	2,702,273	497,605
Shares issued for services (viii)	56,800	16,762
Shares issued on acquisition of software	2,040,909	810,500
Shares buy-back (v),(vi), (vii)	(3,897,700)	(1,427,036)
Balance, December 31, 2018	**63,373,816**	**$ 7,794,137**
Private placements (i)(ii)	5,133,338	1,711,384
Share issuance costs - warrants (iii)	-	(25,799)
Share issuance costs - cash (iii)	-	(21,726)
Exercise of stock options (iv)(v)	355,560	67,954
Shares issued in settlement of convertible debt (vi)	7,594,547	1,093,549
Shares issued for business acquisitions (notes 6, 7 and 8)	950,000	294,500
Rights issue (vii)	7,281	3,276
Shares issued in settlement of accrued interest (viii)	2,297,498	369,131
Shares issued in settlement of contingent consideration	1,000,380	144,930
Shares issued against exercise of warrants (ix)	760,686	289,161
Shares issued on Reverse Takeover (note 5)	1,363,636	504,273
Balance, December 31, 2019	**82,836,742**	**$ 12,224,770**

Private placements

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.

19. Share capital (continued)

b) Common shares issued (continued)

2019 (continued)

Private placements (continued)

(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 Subscription Receipt 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 2019 private placements, the Company paid cash issuance costs of $23,730 and issued broker warrants valued at $25,799, the total of which was allocated to shares and warrants on a pro-rata basis based on their relative fair values. The Company also paid cash issuance cost of $6,142 in relation to shares issued in settlement of accrued interest.

(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. The fair value of the options exercised amounting to $58,154 was also reclassified from the Options reserve to Share capital.

(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% increase in the number of shares to be issued upon conversion as the Company was unable to complete the going public transaction by the Conversion Date as stipulated in the debenture agreement.

(vii) During May 2019, shareholders exercised 7,281 rights shares at a price of $0.45 per share.

(viii) On July 12, 2019, 1,219,520 common shares were issued in settlement of $241,090 accrued interest on the Merida Note II and the Company incurred issuance cost amounting to $6,142 for these shares. On November 14, 2019, 1,077,978 common shares were issued in settlement of $128,041 accrued interest on the Merida Note II.

(ix) During December 2019, shareholders exercised 760,686 warrants at a price of $0.09 per share. The fair value of the warrants exercised amounting to $220,699 was also reclassified from the Warrant reserve to Share capital

19. Share capital (continued)

b) Common shares issued (continued)

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 years.

(ii) During July 2018, the Company completed a private placement for gross proceeds of $1,738,704 through issuance of 3,951,600 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 2,052,750 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at $0.21 per warrant, based on the following assumptions: underlying share price of $0.33 per share, expected annualized volatility of 144.33%; risk-free interest rate of 2.04%; expected dividend yield of 0%; and expected life of 2 years.

(iii) During September 2018, the Company completed a private placement for gross proceeds of $1,657,973 through issuance of 3,768,119 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 1,888,604 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at $0.21 per warrant, based on the following assumptions: underlying share price of $0.33 per share, expected annualized volatility of 144.33%; risk-free interest rate of 2.04%; expected dividend yield of 0%; and expected life of 2 years.

(iv) On October 2, 2018, the Company completed a final tranche of a private placement financing with the issuance of an aggregate of 2,062,545 Units at a price of $0.44 per Unit for gross proceeds of $907,520. Each Unit consists of 1 common share and one half common share purchase warrant. An aggregate of 1,031,273 warrants were issued with each whole warrant exercisable to purchase one common share of MVC at price of $0.50 for a period of two years from issuance. The fair value of the 1,031,273 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at $0.21 per warrant, based on the following assumptions: underlying share price of $0.33 per share, expected annualized volatility of 144.33%; risk-free interest rate of 2.33%; expected dividend yield of 0%; and expected life of 2 years.

(v) On October 19, 2018, the Company repurchased an aggregate of 1,651,745 common shares and an aggregate of 825,872 common share purchase warrants for total consideration of $710,250.

(vi) On October 19, 2018, the Company repurchased an aggregate of 294,955 common shares and an aggregate of 147,477 common share purchase warrants for total consideration of $126,831.

19. Share capital (continued)

b) Common shares issued (continued)

2018 (continued)

Private placements (continued)

(vii) On October 25, 2018, the Company repurchased an aggregate principal amount of $150,000 of 5% convertible senior secured debentures and 1,951,000 common shares for total consideration of $440,506 and $838,930, respectively.

(viii) On October 29, 2018, the Company issued 56,800 common shares and 28,400 common share purchase warrants to a consultant of MVC in satisfaction of debt owed to the consultant, amounting to $24,999. Each whole warrant is exercisable to purchase one common share of MVC at a price of $0.50 for a period of two years from issuance.

(ix) In relation to 2018 private placements, the Company paid cash issuance costs of $151,586 and issued broker warrants valued at $32,126, the total of which was allocated to shares and warrants on a pro-rata basis based on their relative fair values.

Warrants

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

As more fully described under “Private Placements”, in conjunction with private placements during the year ended December 31, 2019, the Company issued 2,566,669 common share purchase warrants with an exercise price of $0.80 and 26,040 broker warrants, for the purchase of units, with an exercise price of $0.80.

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2017	**9,140,632**	**0.38**
Granted	5,379,897	0.50
Repurchased	(973,349)	0.50
Balance, December 31, 2018	**13,547,180**	**0.42**
Granted upon RTO of CB2 (note 5)	151,515	1.65
Granted	2,592,710	0.80
Exercised	(760,686)	(0.50)
Balance, December 31, 2019	**15,530,719**	**0.56**

19. Share capital (continued)

b) Common shares issued (continued)

At December 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	0.83
$0.41 - $0.50	9,087,044	0.49	0.27
$0.8	2,592,710	0.80	2.12
$1.65	151,515	1.65	0.67
	15,530,719	$ 0.56	0.76

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 years ended December 31, 2019 and 2018 is as follows:

	Number of Options	Weighted Average Exercise Price ($)
Balance, December 31, 2017	**3,168,240**	**0.02**
Granted	5,482,581	0.38
Expired	(22,680)	0.02
Exercised	(2,702,273)	0.01
Balance, December 31, 2018	**5,925,868**	**0.36**
Granted upon RTO of CB2 (note 5)	666,060	0.39
Granted	485,000	0.47
Exercised	(355,560)	0.05
Balance, December 31, 2019	**6,721,368**	**0.38**

At December 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	3.27	348,333	$0.15
$0.17	363,030	$0.17	1.51	363,030	$0.17
$0.41 - $0.44	4,446,976	$0.43	6.53	1,548,542	$0.41
$0.44 - $0.50	485,000	$0.48	2.17	230,000	$0.50
$0.66	303,030	$0.66	1.74	-	$0.66
	6,721,368	$0.38	5.18	2,489,905	$0.36

19. Share capital (continued)

b) Common shares issued (continued)

The fair value of the 5,482,581 stock options issued in 2018 totaled $1,712,008. The fair value of the options was calculated using the Black-Scholes model using a risk-free interest rate of 1.85% - 1.96%, weighted average volatility of 144%, expected life of 6.53 years, and 0% dividend yield. The forfeiture rate is estimated to be 0%.

The fair value of the 485,000 stock options issued during the year ended December 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.

During the year ended December 31, 2019, $1,120,813 has been recognized as an expense for the options vested during the period.

20. Financial Instruments and Risk Management

The Company is exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on cash in bank, trade and other receivables and receivable from related party as at December 31, 2019 and 2018. The bank balances are deposited with high credit rated banks, therefore the credit risk is limited. The Company has established procedures to manage credit exposure including credit approvals and credit limits. These procedures are mainly due to the Company's internal guidelines.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long-term obligations as and when they fall due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and exchange rates. The expected timing of consolidated cash flows relating to financial liabilities as at December 31, 2019, is as follows:

	Less than 1 year ($)	1-3 years ($)	Total ($)
Accounts payable and accrued liabilities	1,849,115	-	1,849,115
Payable to related parties	24,840	-	24,840
Promissory note payable	4,003,465	-	4,003,465
Contingent consideration payable	566,318	-	566,318
Lease liabilities	769,570	883,441	1,653,011
	7,213,308	**883,441**	**8,096,749**

20. Financial Instruments and Risk Management (continued)

Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the revenues and costs that the Company earns and incurs in its operations.

The Company's presentation currency is the Canadian dollar and the Company's subsidiary operates in the United States and therefore a majority of revenues are earned in US dollars. The Company also holds US dollar denominated debt. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. The Company's net monetary position in the US dollar as of December 31, 2019 is summarized below with the effect on earnings before tax of a 10% fluctuation of the US dollar to the Canadian dollar:

	Net Monetary Asset (Liability) Position December 31, 2019 (CA$ equivalent)	Impact of 10% variance Exercise Price ($)
US dollar	(4,337,877)	(433,788)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

Fair value

The fair value of the Company's financial instruments approximates carrying value due to their short-term nature and/or carrying market rates of interest.

Contingent consideration relating to the Company's purchase acquisitions [notes 6, 7 and 8] is $566,318 based on expectations of amounts due.

There were no transfers to or from any level of the fair value hierarchy during the years ended December 31, 2019 or 2018.

20. Financial Instruments and Risk Management (continued)

Fair value (continued)

The following tables illustrate the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at December 31, 2019 and December 31, 2018:

As at December 31, 2019 - (Liabilities, at fair value)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Promissory note payable	$ -	$ -	$ 4,003,465	$ 4,003,465
Purchase consideration payable	-	-	566,318	566,318

As at December 31, 2018, no financial instruments were classified at FVTPL.

Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains is recognized in the statements of loss.

Promissory note payable	Opening balance	Addition	Repaid during the year	Fair valuation impact	Foreign exchange impact	Closing balance
December 31, 2019	$ -	$ 4,056,298	$ (243,947)	191,114	$ -	$ 4,003,465

NJAM closing liability	Opening balance	Addition	Repaid during the year	Fair valuation impact	Foreign exchange impact	Closing balance
December 31, 2019	$ -	$ 543,278	$ (122,148)	(96,098)	$ 19,346	$ 344,378

ROSH closing liability	Opening balance	Addition	Repaid during the year	Fair valuation impact	Foreign exchange impact	Closing balance
December 31, 2019	$ -	$ 472,158	$ (265,070)	(61,932)	$ 76,784	$ 221,940

20. Financial Instruments and Risk Management (continued)

Fair value (continued)

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3 as at:

December 31, 2019

Description	Valuation technique	Fair value	Unobservable inputs
Promissory note payable	Monte Carlo simulation	$ 4,033,465	(i)
Purchase consideration payables - NJAM	Monte Carlo simulation	344,378	(i)
Purchase consideration payables - ROSH	Monte Carlo simulation	221,940	(i)

(i) Please refer to the assumptions used in the tables of sensitivity analysis below.

As the valuation of financial instruments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

Key assumptions and sensitivities of Level 3 financial instruments are shown as follows:

A 5% change in the following assumptions will have the following impact on the fair value of promissory note:

	Original	+5%	-5%
Share price volatility	$ 4,003,465	$ 4,002,813	$ 4,004,340
Discount rate	4,003,465	3,984,029	4,023,125

A 5% change in the following assumptions will have the following impact on the fair value of consideration payable for NJAM:

	Original	+5%	-5%
Asset volatility	$ 344,378	$ 337,462	$ 337,522
Revenue forecast	344,378	344,714	330,986
Discount rate (cash coupon)	344,378	337,983	337,805

A 5% change in the following assumptions will have the following impact on the fair value of consideration payable for ROSH:

	Original	+5%	-5%
Share price volatility	$ 221,940	$ 217,585	$ 226,296
Asset volatility	221,940	230,478	213,403
Revenue forecast	221,940	226,499	217,382
Discount rate (shares)	221,940	221,438	222,443

21. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves ($1,387,333 and $5,849,478 as at December 31, 2019 and December 31, 2018, respectively).

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2018.

22. 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.

	2019	2018
Salary and short-term employee benefits	$ 448,000	$ 463,641
Share based compensation	405,061	379,789
	$ 853,061	$ 843,430

Receivables from related party $nil (2018 - $50,000) comprise amounts advanced to CB2 in relation to public listing expenses. Payable to related party $24,840 (2018- $nil) comprise of short-term loan from shareholders carrying an interest rate of 8%.

23. Segmented information

The Company has two reportable 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:

Year ended December 31, 2019	USA (Clinics)	Canada (Software)	Total
Revenue	$ 13,278,075	$ 145,672	$ 13,423,747
Cost of sales	4,100,672	-	4,100,672
Gross profit	9,177,403	145,672	9,323,075
Total operating expenses	11,863,957	6,743,669	18,607,626
Income (loss) from operations	(2,686,554)	(6,597,997)	(9,284,551)
Foreign exchange loss	-	266,422	266,422
Reverse takeover transaction cost	-	807,995	807,995
Change in fair value	(158,030)	587,368	429,338
Accretion on convertible debentures	-	28,632	28,632
Interest on lease liabilities	201,990	10,325	212,315
Gain on debt settlement	-	(166,311)	(166,311)
Net loss before income tax	(2,730,514)	(8,132,428)	(10,862,942)
Income tax expense	111,510	-	111,510
Net income (loss)	$ (2,842,024)	$ (8,132,428)	$ (10,974,452)

As at December 31, 2019	USA (Clinic)	Canada (Software)	Total
Non-current assets	$ 7,985,915	$ 996,140	$ 8,982,055
Total assets	$ 7,834,183	$ 1,649,899	$ 9,484,082
Total liabilities	$ 2,814,005	$ 5,282,744	$ 8,096,749

23. Segmented information (continued)

Year ended December 31, 2018	USA (Clinic)	Canada (Software)	Total
Revenue	$ 10,739,645	$ 28,366	$ 10,768,011
Cost of sales	2,862,749	-	2,862,749
Gross profit	7,876,896	28,366	7,905,262
Total operating expenses	7,842,358	2,934,939	10,777,297
Income (loss) from operations	34,538	(2,906,573)	(2,872,035)
Interest and bank charges	245,107	4,201	249,308
Foreign exchange loss	-	302,151	302,151
Accretion on convertible notes	-	349,863	349,863
Net loss before income taxes	(210,569)	(3,562,788)	(3,773,357)
Income taxes recovery	(116,613)	-	(116,613)
Net loss	$ (93,956)	$ (3,562,788)	$ (3,656,744)

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

24. Subsequent events

(i) Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada and the USA, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

At this time, there is no material impact on the Company's operations and financial results as the Company has determined that these events are non-adjusting subsequent events. Accordingly, the consolidated balance sheet and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, including the closure of non-essential businesses for an undetermined period of time, remains unclear. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of the Company for future periods.

(ii) On January 6, 2020, the Company signed an amended agreement with the previous owners of NJAM, whereby all contingent earn-out payments were removed in exchange for issuance of 2,500,000 common shares in the Company valued at $0.14 per share amounting to $350,000.

(iii) During January 2020, shareholders exercised 4,595,700 warrants at a price of $0.09 per share.

24. Subsequent events (continued)

(iv) On January 26, 2020, the following shares and options were issued:

- 675,000 valued at $0.14 each issued to Directors as compensation for their services.
- 300,000 shares valued at $0.14 and 500,000 options exercisable at $0.09 issued to a consultant for their services
- 1,248,460 shares valued at $0.10 issued to CEO and President in lieu of accrued compensation to date
- 263,667 shares valued at $0.105 issued to settle accounts payable for services rendered

(v) On January 28, 2020, the Company issued 1,218,756 shares in settlement of interest accrued on Merida Note II for the quarter ended December 31, 2019.

(vi) On April 4, 2020, the Company issued:

- 882,978 shares valued at US$0.085 (30 day VWAP of the Company's share price) to the previous owners of ROSH on achievement of the third milestone.
- 87,889 shares valued at $0.09 issued to settle accounts payable for services rendered
- 1,213,443 shares in settlement of interest accrued on Merida Note II for the quarter ended March 31, 2020.
- 7,113 shares issued to related parties as settlement on interest due loan provided to the Company.
- 313,750 shares valued at $0.08 issued to CEO and President in lieu of accrued compensation.
- 422,535 common shares of the Company be issued to a consultant representing $30,000 at a price of $0.071 per share, being the 15- day VWAP price on the date of issuance
- 2,060,777 options exercisable at $0.081 to employees. All options vest as to ¼ upon grant, ¼ after 1 year, ¼ after the second year and ¼ after the third year anniversaries. These options expire on April 17, 2025.

(vii) In April 2020, The Company qualified for relief funds in the United States due to the COVID-19 Pandemic. Total funds of USD $642,500 were received to support payroll and rent relief efforts.

(viii) In June 2020, the Company entered into an amended and restated promissory note (the "Amended Note"), which amends the terms of a promissory note originally issued by the Company on December 20, 2018 and amended on June 2019. Under the terms of the Amended Note, the principal amount of USD $3 million will become payable on December 24, 2022 (previously due December 24, 2020), carry an annual interest rate of 8% (previously 12%), payable, at the Company's option, either in cash or in common shares of the Company. If interest is paid in common shares, the number of shares will be calculated at a price per share equal to a 10% discount to the 30-day volume weighted average trading price of the Company's common shares on the CSE. Additionally, if at any time prior to the maturity date, the closing price of the Company's common shares on the CSE is equal to or greater than CAD $0.30 for 20 consecutive trading days, then the outstanding amounts owed under the Amended Note will be converted into that number of common shares obtained by dividing (A) the Canadian dollar equivalent of the sum of

- the principal amount of USD $3 million and
- the unpaid accrued interest owing up to the conversion date, by (B) the volume-weighted average closing price of the Company's common shares on the CSE during such 20 consecutive trading day period, less a discount of 10%.

The Amended Note is effective as of April 1, 2020. As consideration for the amendments, the Company issued warrants entitling the holder to purchase up to 3 million common shares at an exercise price of CAD $0.14 per common share during the period commencing on the first anniversary of date of issuance of the warrants and ending three years from such issuance date.

APPENDIX “B”

cb2insights

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019 and 2018

INTRODUCTION

CB2 Insights Inc. ("CB2 Insights", "CB2" or the "Company") is a publicly traded company, incorporated on December 27, 2017 under the Canada Business Corporations Act, with its head office located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4. The Company completed a reverse takeover ("RTO") on February 27, 2019 (the "Closing Date") with MVC Technologies Inc. ("MVC"). CB2's common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "CBII" and in the United States on the OTCQB market under the symbol "CBIIF". MVC Technologies Inc. was incorporated under the Ontario Business Corporations Act on November 3, 2014.

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of MVC Technologies Inc. (the "Company", "MVC", "we", "us", "our") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the fiscal years ended December 31, 2019 and 2018, together with the notes thereto, and the accounting policies as described in Note 3 to the financial statements. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are 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 ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at June 18, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if:

(i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of CB2's common shares;

(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or

(iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

OVERVIEW OF CB2 INSIGHTS

CB2 Insights is a healthcare services and technology company, working to positively impact patient health outcomes. Our mission to mainstream alternative health treatments into traditional healthcare by recognizing the need for patient treatment diversity, and the impacts of integrating alternative and conventional medicine. The Company works primarily to roster and treat patients who are seeking alternative treatments due to the ineffectiveness of conventional medicine and the inability to find support through their existing care network, or in some cases, inability to access a primary care network due to location or high cost barriers (uninsured). Medical services offered by the Company are defined as "Integrative" medicine, where we work to understand the real world evidence for the safety, impact and effectiveness of medical treatments including plant-based medicines that often lack sufficient research and therefore lack adoption by conventional healthcare providers.

To support patient care and positive health outcomes, the Company is also focused on advancing safety and efficacy research surrounding alternative health treatments by monitoring and assessing real-world data (RWD) and providing real-world evidence (RWE) through our proprietary technology, data analytics, and a full service contract research organization.

The Company's primary operations are in the United States, with application to its insights, technology and research services deployed in other international markets including Canada, the United Kingdom and Colombia.

The Company's operating model allows patients to receive access to care in a time efficient and cost-effective manner. Utilizing virtual telehealth and over 30 physical brick and mortar clinics, the Company currently treats over 100,000 patients annually across 12 States. Through the use of proprietary technology and data analytic platforms, the Company is able to monitor, study and assess a variety of healthcare treatments and products, both traditional and non-traditional, for safety, efficacy and effectiveness. The Company believes that it is well positioned to be the research and technology partner of choice for multiple stakeholders including the global pharmaceutical industry, life sciences, regulatory bodies and customers within the traditional and integrative medical industry.

The Company was founded in 2014 as an electronic data collection (EDC) and patient management platform. Early on, CB2 recognized the gap in the healthcare market to support the integration of new treatments that lacked sufficient clinical research, like cannabinoid medicines, into the practices of clinicians and the access of treatment options for patients. This initially drove the Company to develop a comprehensive technology platform, driven by artificial intelligence and machine learning algorithms, that healthcare practitioners sought to help integrate cannabinoid-based treatment options into routine clinical practice. The Company shifted plans in 2017 to move to own a network of clinics as a way to standardize the quality of care and improve on the ability to research health outcomes. Between 2017 and 2019, the Company acquired 4 clinic groups in the US (Canna Care Docs, Relaxed Clarity, MedEval Clinics and New Jersey Alternative Medicine), which enabled the Company to grow both organically and by way of acquisition to over 100,000 patients across 12 States on an annualized basis. With time and experience, the Company began to recognize that patients seeking cannabinoid therapy fell into a larger pool of patients seeking integrative medicine. Data from the Company's own analytic assets as well as external research suggested that each of these therapies when combined together, were often poorly researched or supported with published clinical evidence. The need was also there for patients to have a coordinator, that understood and was open to supporting patients across both conventional and integrative treatments. Patients were seeking support from the Company's healthcare providers for care coordination that was not within the primary scope of our first-generation services. Subsequently by the end of 2019, the Company recognized the need to bridge the gap between conventional and alternative medicine. This led to the establishment of Skylight Health Group, its integrated brand of offerings that leverages its existing infrastructure of practitioners, clinics, telehealth services and patients and focuses on insurable and non-insurable services for patients seeking affordable and accessible healthcare options, combining both conventional and complementary medicine.

In 2019, the Company was focussed on successfully executing its business objectives. By way of acquisitions, the Company was able to validate its size and scale and was able to bring significant economies of scale to these operations. Acquiring these clinical assets at less than 1x revenue, the Company was able to demonstrate that each of these assets was able to become profitable and increase revenue from same service growth organically over the first 12 months since being acquired. Further, each acquisition led to further economies of scale, which the Company believes has enabled it to reach a cost structure that can support profitability into 2020 on a consolidated basis. Subsequent events in 2020, on an unaudited basis has proven the Company was able to reach profitability in Q2. The Company believes that the infrastructure that it developed and enhanced in 2019, will enable the Company to grow organically in same-service revenue, introduce new services to its existing patient base, and seek new growth through acquisitions, driving the future growth of patients, services and financial metrics.

BUSINESS MODEL

The Company's business model is primarily driven through its clinical operations that offer medical services to patients in the US through virtual and physical care at over 30 brick and mortar clinics in 12 States. During 2019, the Company was able to begin validating its technology and contract research services, which generated incremental revenue by the end of 2019, and are expected to grow incrementally throughout 2020. The Company differentiates itself by being one of the largest integrative medical practices in the US that owns its own proprietary technology and data analytical assets, and clinical research expertise to support new market expansion, market access, data collection and analysis and drug discovery. CB2 Insights now operates and offers services in three vertical markets: medical services, technology & data analytics, and contract research and development services. Each vertical market is autonomous but works in tandem with the others. The Company's suite of services that enable patient access, proprietary technology and consulting services to bring about a comprehensive solution.

CLINICAL OPERATIONS: Access to patient centred integrative healthcare services. Operating as Skylight Health Group ("SHG"), through the Company's subsidiaries Canna Care Docs, MedEval Clinics LLC, Relaxed Clarity, and New Jersey Alternative Medicine, the Company's clinical operations span across more than a dozen states in the US and serve approximately 100,000 unique patients annually.

In 2019, The Company increased its clinical footprint in the US through the acquisition of MedEval, Relaxed Clarity and New Jersey Alternative Medicine. As a result of these acquisitions, the Company now operates over 30 locations across 12 States, services over 100,000 patients, and is one of the largest medical services in the US to specialize in medical cannabis certifications. The Company had set a plan at the onset of 2019, to focus on growth through acquisition, and organic growth of its existing brand Canna Care Docs. The Company believed that through acquisition, access to new markets would not only be faster and cheaper, but also enable the Company to realize significant economies of scale, that would improve on the overall profitability margin of the business.

The Company was able to validate its thesis with each acquisition, which added immediate revenue and profitability, and were accretive to the Company's growth. The Company was able to realize improvements in profitability of each acquisition, by way of economies of scale, and on a consolidated basis, reach a cost structure that the Company's management believes will support profitability by Q2 of 2020.

The Company has set its growth target for 2020 based on projected revenues from three primary sources: growth in same service revenue; growth in new services to the Company's existing patient base; and growth through acquisition. With an improved business model, the Company's management expects to achieve an improved revenue

and profitability outcome in 2020, and continued validation for its growth trajectory into coming years.

Growth through new revenue was identified as an opportunity in 2019, when Company recognized through its operations, that patients who came seeking medical cannabis as an alternative to their conventional treatments, also showed a strong need for a health care coordinator to support other aspects of their care, and specifically with respect to the integration of new medicines like medical cannabis alongside their current treatments. Patients often found it difficult to have their exiting care provider be open to new treatments, or in many cases, uninsured patients were unable to seek access to care due to the high cost of healthcare in the US. Thus, the Company saw the opportunity to further support its patients by offering services that would complement its medical cannabis certification business. This would both increase the growth of new patients, but also the per-patient revenue currently recognized. Skylight Health Group was created at the end of 2019 and subsequently launched in 2020, to house and consolidate the healthcare services offered by the Company into one integrative health brand.

TECHNOLOGY & DATA ANALYTICS: Making positive impacts to health outcomes through informed data driven insights. Since 2014, the Company has designed, developed and acquired secure and compliant proprietary technology and digital assets which specialize in monitoring, assessing and evaluating patient treatment plans at the point of care. The technology has also enabled the Company to standardize the quality of care throughout the patient lifecycle, both within its clinical operations and on behalf of other groups – generally in markets outside of the US – in order to access real world data (RWD) related to treatments such as cannabinoid therapy for its efficacy, treatment interactions and other key quality determinants for health.

The Company's primary technology platform, Sail is a proprietary electronic database management and patient record platform designed to standardize and optimize the workflows and management of the Company's wholly-owned clinical operations. The system incorporates a series of tools which allows practitioners and other clinical staff to schedule appointments, manage patient files, evaluate patients for cannabinoid therapy and where necessary, create the required documents to submit to regulatory bodies on behalf of patients. The technology was also built to support virtual consults, which subsequently in 2020 during the COVID-19 pandemic, was launched and successfully supported the transition of care for 100,000 patients in its network. The inputs which sit at the point of care, enable the monitoring of comprehensive data related to the patient's medical history, indications and symptoms, previous treatments, clinical outcomes, among other things.

Additional technology solutions include patient input tools used for tracking of patient outcomes, product purchases and other key data metrics that support the Company's

overarching goal to study the safety and efficacy of treatment. The Company's patient portal, which allows its patients to take control of their healthcare, also establishes a relationship between the clinic and the patient, to support the post-monitoring efforts of the patient while on the recommended treatment plan. This transparency provides the patient access to insights that enables them to make more informed healthcare decisions.

In 2019, the Company was focused on building and launching its digital assets into its wholly-owned clinics in the US, as well as validating its use with third party clinics, research organizations and industry stakeholders, who were seeking a more validated tool to standardize and improve the collection, analysis and insight generation from anonymized data. Over the 2019 year, through its wholly-owned clinics, the Company was able to analyze treatment outcomes from over 60,000 patient visits. Subsequent to year-end, the Company developed and released the industry's first insights dashboard available for free on the Company's website www.cb2insights.com/data. With contracts with new customers in Canada, UK and Colombia, in 2019, the Company was able to validate the early adoption of its technology platforms. The Company believes that the value in this technology will be recognized in the coming years as access to these insights and ability to generate new insights from its databank will come at a significant premium as it has in other verticals of healthcare.

CONTRACT RESEARCH AND DEVELOPMENT- Expedited access to CB2's patient registry. The challenging aspect of a trial comes from patient and clinical site recruitment. This is the most common reasons why trials get delayed and become extremely costly. CB2 Insights has amassed one of the industry's largest patient registries seeking out and using integrative treatments, conventional medications and alternative plant-based medicines. This allows our partners to have immediate access to our patients' databases for a more time efficient and cost-effective approach.

Our team has extensive experience in providing CRO services to allow us to offer a turnkey solution across all phases of drug development including randomized control, pragmatic and post-marketing clinical trials. Our services are designed to identify and support clinical trial data through the generation of safety and efficacy claims from RWE. CB2 Insights may leverage any combination of its technology, patient registry and/or industry knowledge to support large-scale projects that focus on studying integrative therapies in various markets.

The Company's research and development team can work to support internal research departments and organizations to complement the services offered, or act as a full service CRO providing support from feasibility studies, clinical trial designs, regulatory and drug applications, protocol development and Ethics/IRB approval, patient clinical site recruitment, site monitoring and adverse events reporting, medical writing and publication submission.

In 2019, the Company began putting together members of its CRO primarily driven by the need to fill missing capacity within its target customers. It recognized that with the expertise in-house, it would further validate its technology adoption by customers also seeking the services of a CRO. With limited investment, the Company was able to validate its thesis as projects executed in 2019 required both the technology and the CRO services to be effectively contracted and delivered. Although a small part of its revenue in 2019, the Company believes this service will be paramount to future projects. The CRO services also serve an important internal function. With analytics of its treatment and outcome data from wholly owned clinics, the Company will be looking to publish these findings in medical journals to help advance the understanding and adoption of new therapies and treatments. The Company also sees opportunities in 2020 to support complementary trials in the US that are in need of patients for recruitment. The Company is involved actively in 2020 in multiple discussions with research organizations and industry stakeholders in the

SEGMENTATION

The Company's current revenue is generated predominantly through its clinical operations by way of medical services. In 2019, medical services were categorized as uninsured medical services. In 2020, the Company expects to expand by also offering insurable services in a single consolidated medical services operating segment.

The Company also derives a small but growing segment of revenue from projects in its Technology & Data Analytics division as well as its Contract and Research division. While both divisions are new, the Company expects growth in these areas as the Company's offerings and the industry mature over the coming years.

HIGHLIGHTS

The following are key Operational Highlights of the Company during the year ended December 31, 2019:

Financing

Raised gross proceeds of $187,499 in a private placement

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 unit consists of one 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 years from the date of issuance.

Granted 485,000 options to employees, directors and consultants

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.

Raised gross proceeds of $5.74 million in a private placement

On February 22, 2019, the Company completed a non-brokered private placement for gross proceeds of $5.74 million. During January and February 2019, the Company closed four tranches of a 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 automatically converted into one common share and one-half common share purchase warrant. An aggregate of 4,758,340 common shares and 2,379,170 warrants were issued on conversion of the subscription receipt units, 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 the date of issuance. The Company also issued 26,040 broker warrants in combination with the closing of the subscription receipt unit financing. Each broker warrant entitles the holder to purchase one subscription receipt unit at a price of $0.50 for a period of three (3) years, 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 the date of issuance. In relation to the 2019 private placements, the Company paid cash issuance costs of $23,730.

Conversion of Convertible Debt

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 a going public transaction by the conversion date as stipulated in the debenture agreement.

Raised $600,000 USD through a Promissory Note

On June 24, 2019, the Company entered into an agreement with Merida Capital Partners II LP whereby the terms of the promissory note dated December 20, 2018 issued by the Company were amended, an additional amount of US$600,000 was advanced to the Company and the Promissory Note balance was increased from US$2,400,000 to US$3,000,000. All accrued unpaid interest payable to Merida Capital on June 24, 2019 pursuant to the Original Note was paid through the issuance of 1,219,520 common shares of the Company.

Acquisitions

Acquisition of MedEval Clinic LLC ("MedEval")

On March 5, 2019, the Company entered into a binding agreement to acquire the assets of MedEval Clinic LLC, a medical cannabis evaluation and education center group with multiple locations in Colorado and Arizona. The total consideration was US$150,000 cash and the issuance of 450,000 common shares, subject to a hold period of 4 months from issuance and contingent consideration payable in shares upon completion of milestones of the number of patients certified. On April 9, 2019, the Company completed the acquisition of MedEval Clinic LLC.

Acquisition of Rae of Sunshine Health Services ("ROSH")

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, issuance of 500,000 common shares, subject to a hold period of 4 months from issuance and contingent consideration payable in cash and shares upon completion of milestones of the number of patients certified.

Acquisition of New Jersey Alternative Medicine LLC ("NJAM")

On June 14, 2019, the Company entered into a binding agreement for the purchase of 100% of the patient list of New Jersey Alternative Medicine LLC (NJAM), a medical cannabis evaluation and education center group with multiple locations in New Jersey under an earn-out arrangement with no cash or other consideration payable on closing date. Under the terms of the agreement, an amount equal to 25% of the visit fees charged to NJAM's existing patients during the 13 month period from the closing date would be paid in cash and a number of common shares of the Company would be issued that is equal to such cash amount divided by the 10-day volume weighted average trading price of the Company's shares on the Canadian Securities Exchange (the "CSE") at the time of issuance. On June 25, 2019, the Company announced it would take over all patient care for New Jersey Alternative Medicine LLC as of July 1, 2019.

Acquisition of Rae of Sunshine Health Services ("ROSH")

On September 28, 2019, the Company granted ROSH, operating as "Relaxed Clarity" 900,380 common shares in relation the milestone incentive payments. Subsequent to the date of the consolidated financial statements, Relaxed Clarity has achieved its milestone and outperformed initial estimates.

Corporate Highlights

Reverse Takeover

On March 1, 2019, the Company completed a reverse take-over transaction with MVC Technologies Inc. and Canada Corp. 10557404.

Commenced trading on the Canadian Securities Exchange

On March 6, 2019, the Company commenced trading on the CSE under the symbol "CBII"

Commenced trading on the OTCQB markets

On May 17, 2019, the Company commenced trading in the US on the OTCQB market under the symbol "CBIIF".

Governance

On May 2, 2019, the Company appointed Marc Adelson, Deputy Chief Legal Officer at New York based Teladoc Inc. (NYSE:TDOC) as a director of the Company. The Company also named David Danziger as Chairman of the Board. Mr. Danziger resigned as a director in January 2020.

On July 31, 2019, the Company appointed Peter Cummings to CB2's Board of Directors. Mr. Cummings was the former pharmaceutical executive with Johnson and Johnson and Pfizer.

On August 1, 2019, the Company appointed Gerry Goldberg to CB2's Board of Directors.

During January 2020, Mr. Gerry Goldberg and Mr. David Danziger resigned as directors to pursue other opportunities.

On January 29, 2020, the Company appointed Tom Brogan, as an independent director to CB2's Board of Directors. Mr. Brogan is currently the CEO and Chairman at Vestrum Health, an electronic healthcare record data company which delivers information systems to pharmaceutical manufacturers, physician practices and other healthcare stakeholders. On the same day, the Company also appointed Norton Singhavon Interim Chairman of the Board and the Audit Committee.

Technology, Data and CRO Contracts

Technology partnership with Premier Health Group (PHG)

On March 27, 2019, the Company signed an agreement with Premier Health Group (PHG) to integrate its Clinical Decision Support System into PHG's Electronic Medical Records platform to provide more than 4,600 physicians with a cannabis-specific tool to be used at the point-of-care to assess treatment options for patients.

Selected as an Exclusive Technology and Research platform for Drug Science

On July 18, 2019, the Company was selected as the exclusive research technology platform for the UK's largest medical cannabis pilot program led by Drug Science. The program aims to enroll 20,000 patients and will use the Company's technology platform to collect and assess data related to the safety, efficacy and other health outcome measures.

Licensing agreement with MyAccess Clinics ("MAC")

On September 19, 2019, the Company entered into a licensing agreement with MyAccess Clinics. MAC will be using CB2's Electronic Data Capture (EDC) software to manage patient data within its growing medical clinics in the U.K. MAC is a wholly-owned subsidiary of a leading global medical cannabis company, Althea Group Holdings Ltd. (ASX:AGH)

Technology and Research Partnership with Vivo Cannabis ("Vivo")

On October 29, 2019, the Company entered into a technology and research partnership with Vivo Cannabis to focus on implementing a medical product development strategy for Vivo's global medical cannabis offering, utilizing CB2 Insights' leading technology platform, Sail, and research capabilities. The joint venture will aim to increase the collection of real word data to assist health care stakeholders in making informed decisions on new cannabis-based treatments for patients.

Expansion of Technology Reach into Colombia

On September 3, 2019, the Company announced the appointment of Medical Director, Dr. Paola Cubillos, MD in Colombia. Dr. Cubillos will oversee the physician network in the country and work to integrate CB2 Insights' technology assets into the region. Colombia represents one of the largest opportunities across the globe with high patient and physician sentiment on the future of cannabinoid therapy, however, the country currently lacks the tools required to advance usage within the market. CB2 will look to fill that market gap over the coming quarters.

FINANCIAL HIGHLIGHTS

The following are the major financial highlights of CB2's operating results for the year ended December 31, 2019 compared to year ended December 31, 2018:

- Revenues were $13.4 million for the year, compared to $10.7 million, an increase of 25.2%;
- Gross profit was, $9.3 million for the year, compared to $7.9 million, an increase of 17.7%;
- Operating expenses were $18.6 million for the year, compared to $10.8 million, an increase of 72.2%, primarily due to non-cash and one-off expenses amounting to $6.5 million;
- Impairment expense amounting to $3.6 million booked during the year, compared to $nil;
- Net loss of $10.9 million, compared to $3.7 million; and
- Adjusted EBITDA[1] loss of $2.8 million, compared to an adjusted EBITDA loss of $1.9 million.

HIGHLIGHTS SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2019

- In January 2020, the Company was selected by Vireo Health to support an application with the US FDA for a study on the safety and efficacy of cannabis-based topical treatments developed by Vireo Health. This project defines further validation of the expertise and offering of the Company within its technology and research divisions. Reference: https://cb2insights.com/news/article/1059
- In January 2020, the Company appointed Tom Brogan as an independent Director replacing outgoing Directors, David Danziger and Gerry Goldberg. Mr. Brogan brings over 40 years of experience in aggregating anonymized healthcare data to create insights to support pharmaceutical companies and use in health economic studies. Mr. Brogan was the founder of Brogan Consulting, which was acquired by IMS in 2010, now IQVIA, one of the world's largest Contract Research Organizations (CROs), following which Mr. Brogan continued on with the company as Vice President of Global Oncology at IMS Health. Reference: https://cb2insights.com/news/article/1068
- In March 2020, the Company launched the Industry's first Medical Cannabis Insights Dashboard. This tool bringing real-world evidence driven from the point-of-care to the medical cannabis community, has launched the medical cannabis

1. Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, adjusted by significant one off, non-operational expenses and partially offset by the cash impact of certain accounting treatments during the period.

industry's first interactive dashboard which gives any industry stakeholders access to key patient insights derived from the Company's clinical operations. The tool (link: https://cb2insights.ca/data) is free to use and was created in order to answer hundreds of inbound questions from global industry stakeholders including government agencies and major research groups. The dashboard also allows users to submit additional data requests directly to the Company's research and data team. Reference: https://cb2insights.com/news/article/1072

- In April 2020, the Company launched Skylight Health Group ("SHG") as part of its clinical operations in the United States. SHG will immediately provide a range of integrated health services from primary medical care, to consultative specialist care, alternative health, wellness and multi-disciplinary services and products to its patient population. SHG services are reimbursable in accordance with the rules, regulations and requirements by the Centers for Medicare and Medicaid Services ("CMS"), as well as other private health insurers within each operating state where its physicians, practitioners and patients will be able to enjoy the benefits of an expanded service offering. The primary focus of the SHG will be to provide a broad array of primary and alternative healthcare services including family/specialty medicine and interdisciplinary services focusing on comprehensive care, chronic disease management and health promotion/education. Reference: https://cb2insights.com/news/article/1075

- In April 2020, The Company qualified for relief funds in the United States due to the COVID-19 Pandemic. Total funds of USD $652,500 were received to support payroll and rent relief efforts. The Company expects that 100% of this loan will be forgiven. As such, the principal will not need to be repaid and there will be no interest charges. The funds used as part of the guidelines, enabled the Company to regain control post initiation of COVID-19 where the Company saw significant impact to its brick-and-mortar services. Subsequent efforts to transition to telehealth showed to be successful and the funds enabled the Company to rebuild on profitable operations and establish a new bank balance of approximately CAD $1 million.

- In April 2020, the Company announced unaudited profitability in April. On an unaudited basis, the Company has seen positive EBITDA[2] for April 2020. Amidst the COVID-19 pandemic, the Company continues to work hard to prioritize achieving full profitability. This will allow the Company to strengthen its cash balance and remove all reliance on external capital for activities beyond strategic initiatives. The Company intends to use cash derived from operations to support current and new projects. The Company also realized profitability in May 2020 as well. Reference: https://cb2insights.com/news/article/1077

- In June 2020, the Company entered into an amended and restated promissory

2. EBITDA is defined as earnings before interest, tax, depreciation and amortization.

note (the "Amended Note"), which amends the terms of a promissory note originally issued by the Company on December 20, 2018 and amended on June 2019. Under the terms of the Amended Note, the principal amount of USD $3 million will become payable on December 24, 2022 (previously due December 24, 2020), carry an annual interest rate of 8% (previously 12%), payable, at the Company's option, either in cash or in common shares of the Company. If interest is paid in common shares, the number of shares will be calculated at a price per share equal to a 10% discount to the 30-day volume-weighted average trading price of the Company's common shares on the CSE. Additionally, if at any time prior to the maturity date, the closing price of the Company's common shares on the CSE is equal to or greater than CAD $0.30 for 20 consecutive trading days, then the outstanding amounts owed under the Amended Note will be converted into that number of common shares obtained by dividing (A) the Canadian dollar equivalent of the sum of (i) the principal amount of USD $3 million and (ii) the unpaid accrued interest owing up to the conversion date, by (B) the volume-weighted average closing price of the Company's common shares on the CSE during such 20 consecutive trading day period, less a discount of 10%. The Amended Note is effective as of April 1, 2020. As consideration for the amendments, the Company issued warrants entitling the holder to purchase up to 3 million common shares at an exercise price of CAD $0.14 per common share during the period commencing on the first anniversary of date of issuance of the

OUTLOOK AND OVERALL PERFORMANCE

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

Over the past five years, the Company has focused on building clinical, technology and research assets to support the global cannabinoid industry. It has also built organically and by way of acquisition, one of the largest networks of clinics in the US specialized in medical cannabis and one of the largest patient registries of its kind with over 100,000 patients. The Company was able to validate several key metrics in 2019: the ability to bring accretive revenue and profit with each acquisition, recognize an operating structure that could lead to profitability in 2020 by way of economies of scale, optimize technology to monitor, assess and study health and treatment

outcomes, and build an infrastructure that could enable significant growth in the coming years. The Company achieved its business plan, while ensuring growth in revenue and key performance metrics. Looking into 2020, the Company believes it is well positioned to see growth in three key areas: same service growth, new services, and growth through acquisition. Further the Company believes it is in a position to pilot and launch several new technology and digital assets that will support a multitude of stakeholders globally in the understanding and application of insights at the point of care, drug discover and drug commercialization.

With the acquisitions of Canna Care Docs, MedEval clinic LLC, Relaxed Clarity and New Jersey Alternatives medicine (all are now operated under the Canna Care Docs brand) clinical operations as well as advancement in its own proprietary technology platforms, all brands within the CB2 Insights business have opportunities for near-term growth moving forward.

CB2 Insights currently has over 30 clinical locations in 12 states and employs a clinical team of more than 150 clinical staff and medical professionals. With over 100,000 patients seen a year and over 500,000 patients evaluated since 2013. The Company expects to achieve strong same service growth in existing markets and potentially in certain new markets in US States that introduce new medical cannabis legislation. The Company also anticipates same service growth as existing and new markets enable access to care via telehealth in addition to brick-and mortar services. The Company's technology has been developed to support this need and is expected to contribute to growth within this sector.

Through 2019, the Company also recognized that patients were not only seeking medical cannabis certifications, but also support in existing and new alternative and conventional treatments. Many patients who have an existing primary care provider or coordinator, often approach the Company's providers suggesting that they were unwilling or open to discussing alternative treatments. Patients outlined the need for our services, to expand and support their other healthcare treatments. Patients also were found to be unable to access traditional healthcare pathways due to cost. With over 18% of the US population uninsured, and an average cost $6,000 per year for an individual to have access to healthcare, many Americans often go without proper healthcare support. The Company sees both of these drivers, as an opportunity for growth in 2020 into new services under both uninsured and insurable services with the launch of its SHG brand in 2020. The CMS, is expected to reach $6 trillion by 2027, according to a report on National Health Expenditures by the CMS. This illustrates strong support for future healthcare funding of which the Company expects to benefit from by provisioning qualifying services to its growing patient base.

In 2020, the Company intends to focus on evaluating and, if deemed beneficial, completing strategic and accretive clinical acquisitions. With the launch of SHG, the Company also expects to focus on acquiring traditional healthcare practices, which

are often found at lower premiums, and offer the opportunity to advance and accelerate all services offered by the Company. The Company plans to only seek acquisition targets that bring immediate revenue and profitability recognition.

Additional focus is expected to be in the development of business intelligence and other analytics tools to be used within and outside the cannabis industry. Through Preliminary conversations with regulatory bodies, researchers and pharmaceutical companies, the Company has identified a market opportunity to design and develop these data tools to be commercialized to advance the understanding of treatments and therapies globally. These tools are intended to be used to assist in regulation efforts, drug research and development, drug commercialization and other critical areas of the healthcare space. The Company has validated the use of its technology at the point of care by industry stakeholders in 2019, and will look to further grow adoption by new customers in 2020.

In 2020, the Company launched the industry's first insights dashboard for free on its website www.cb2insights.com/data. The Company will continue to work with potential customer groups, to further define and create products that it can expect to commercialize on a software as a service based revenue stream.

The industry is at an inflection point within the drug discovery, development and commercialization phases. Pharmaceutical companies can take several years to introduce a new drug molecule to market, and can invest billions in research and development with a low probability of success. To shorten the drug development cycles, pharma research centers need a clear insight on treatment options that work in a wide population compared to few patient pools in clinical trials. The use of real-world evidence (RWE) insights is thus found increasing as pharma and biotech companies realize that RWE can be important in drug development and life-cycle management and also increase efficiency in innovation and cost of clinical trials. CB2 intends to position itself as a critical piece of supporting the industry in that advancement. Clinical trial management and technology licensing benefit from a higher margin than traditional clinical management. As such, the Company expects that growth within these verticals will continue to add to the improvement in overall profitability and growth to the business.

Summary of Quarterly Results:

$	Three-months Ended December 31, 2019	Three-months ended September 30, 2019	Three-months ended June 30, 2019	Three-months ended March 31, 2019	Three-months Ended December 31, 2018	Three-months ended September 30, 2018	Three-months ended June 30, 2018	Three-months ended March 31, 2018
Revenue	3,123,777	4,193,138	3,257,021	2,849,811	2,449,020	2,875,246	2,800,428	2,643,317
Cost of sales	1,051,418	1,264,296	1,129,270	655,688	748,514	775,736	682,225	656,274
Operating expenses	7,954,868	3,666,092	3,828,733	3,157,933	3,658,269	3,316,766	2,000,295	1,801,967
Other expenses	53,211	330,747	164,913	1,136,131	535,374	44,033	181,192	140,743
Net income (loss) before income taxes	(5,829,298)	(1,067,997)	(1,865,895)	(2,099,941)	(2,493,137)	(1,261,289)	(63,284)	44,353
Income tax expense (recovery)	49,715	-	-	61,605	(291,727)	(22,992)	96,833	101,273
Net income (loss)	(5,879,013)	(1,067,997)	(1,865,895)	(2,161,546)	(2,201,410)	(1,238,297)	(160,117)	(56,920)
Income (loss) per share	(0.072)	(0.013)	(0.024)	(0.031)	(0.065)	(0.022)	(0.003)	(0.001)

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2019, 2018 and 2017 and for the years ended December 31, 2019, 2018 and 2017.

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$13,423,747	$10,768,011	$280,059
Cost of sales	4,100,672	2,862,749	61,349
Gross Profit	9,323,075	7,905,262	218,710
Operating expenses	18,607,626	10,777,297	1,498,337
Non-operating expenses	1,578,391	901,322	(30,352)
Net loss before taxes	(10,862,942)	(3,773,357)	(1,249,275)
Income tax (recovery) expense	111,510	(116,613)	7,628
Net loss	$(10,974,452)	$(3,656,744)	$(1,256,903)
Net loss per share (basic and diluted)	$(0.142)	$(0.065)	$(0.028)
	As at December 31, 2019	**As at December 31, 2018**	**As at December 31, 2017**
Total assets	$9,484,082	$10,893,603	$9,101,951
Non-current liabilities	$883,441	$3,274,080	$999,308

Revenue

The Company's revenue was $13,423,747, $10,768,011 and $280,059 during the years ended December 31, 2019, 2018 and 2017, respectively. Revenue for the year ended December 31, 2019 consisted of software licensing fee from the Canadian operations amounting to $35,534 (2018: $28,366, 2017: $44,101), Contract research revenue from the Canadian operations amounting to $110,138 (2018 and 2017: $nil) and clinic revenue from the US clinical operations amounting to $13,278,075 (2018: $10,739,645, 2017: $235,958).

Revenue increased in the year ended December 31, 2019 is a result of the acquisition of MedEval, ROSH and NJAM during the year. Revenue increased in the year ended December 31, 2018 as a result of acquisition of CCD in December 2017 and the consolidation of CCD revenue for the entire year 2018.

Cost of sales

Cost of sales during the years ended December 31, 2019, 2018 and 2017 totaled $4,100,672, $2,862,749 and $61,349, respectively. The cost of sales increase for the year ended December 31, 2019 and 2018 is in line with the increase in revenues. Cost of sales pertains directly to the US clinical operations and comprises service fees paid to doctors and nurse practitioners. Increase in Cost of Sales was due to acquisitions made during the year. Subsequently scaled back and optimized schedules and use of telehealth to expect improved margins in 2020

Operating expenses

Operating expenses during the years ended December 31, 2019, 2018 and 2017 totaled $18,607,626, $10,777,297 and $1,498,337, respectively.

Operating expenses for the US and Canadian operations during the year ended December 31, 2019 were $11,749,473 and $6,594,378, respectively. Operating expenses for the US and Canadian operations during the year ended December 31, 2018 were $6,522,212 and $4,255,085, respectively. Operating expenses for the US and Canadian operations during the year ended December 31, 2017 were $143,305 and $1,355,032, respectively.

Operating expenses increased for the year ended December 31, 2019 primarily as a result of non-cash impairment losses amounting to $3,607,499 booked during the year, together with increased operational cost due to acquisitions of MedEval, ROSH and NJAM. Operating expenses increased for the year ended December 31, 2018 primarily as a result of the acquisition of CCD and consolidation of results for the entire year 2018. The increase of operating expenses on the Canadian side is due to costs associated with developing and scaling the Company's business lines.

Operating expenses during the year ended December 31, 2019 primarily comprised salaries and wages on technology, clinical staff and support infrastructure including the call center, accounting and management amounting to $6,377,687 (2018: $4,876,240, 2017: $549,522), office and administration expenses amounting to $1,836,397 (2018: $1,674,768, 2017: $129,534), professional fees amounting to $1,851,168 (2018: $994,809, 2017: $211,346), marketing and business development expenses amounting to $1,057,861 (2018: $916,445, 2017: $14,708), share based compensation amounting to $1,120,813 (2018: $546,446, 2017: $387,943) and depreciation and amortization amounting to $2,257,560 (2018: $1,005,549, 2017: $171,677). The Company was committed in 2019 to reduce operating expenses realized through efficiencies in technology and economies of scale including those realized from the new acquisitions. The Company brought the operating expenses to a level by the end of 2019 that would expect to see profitability in 2020 on same year sales numbers.

Net Loss

The Company recorded net losses before income taxes of $10,862,942, $3,773,357 and $1,249,275 during the years ended December 31, 2019, 2018 and 2017, respectively. Increased loss in 2019 was a result of higher professional fees pertaining to the company's "going public" process, higher depreciation and amortization on the company's intangible assets, impairment losses booked on the company's intangible assets, and the reverse takeover transaction cost booked during the year. Increased loss in 2018 was a result of costs associated with developing and scaling the Company's business lines and significant one-off legal, professional and accounting costs amounting to approximately $415,000 relating to the public listing process. Adjusted EBITDA loss during the year ended December 31, 2019 was $2,768,258. The Company does not expect these costs to repeat in 2020. Subsequent to the year ended December 31, 2019, the Company realized profitability on an unaudited basis in April and May of 2020.

The net loss for the year ended December 31, 2019 consisted of (i) revenue of $13,423,747 and (ii) cost of sales of $4,100,672 which result in a gross profit of $9,323,075; (iii) operating expenses of $18,607,626 which resulted in a loss from operations of $9,284,551; (iv) financing and other expenses $1,578,391 which comprise reverse takeover costs of $807,995, change in fair value of financial instruments of $429,338, accretion on lease liabilities of $212,315, foreign exchange loss of $266,422 and accretion of convertible debentures of $28,632 resulting in a net loss before income tax of $10,862,942; and (v) income tax expense of $111,510 resulting in net loss of $10,974,452.

The net loss for the year ended December 31, 2018 consisted of (i) revenue of $10,768,011 and (ii) cost of sales of $2,862,749 which resulted in a gross profit of $7,905,262; (iii) operating expenses of $10,777,297 which resulted in a loss from

operations of $2,872,035; (iv) financing expenses $901,322 which comprise interest and bank charges of $249,308, foreign exchange loss of $302,151 and accretion of convertible notes of $349,863 resulting in a net loss before income tax of $3,773,357; and (v) income tax recovery of $116,613 resulting in net loss of $3,656,744.

The net loss for the year ended December 31, 2017 consisted of (i) revenue of $280,059 (ii) cost of sales of $61,349 which resulted in a gross profit of $218,710; (iii) operating expenses of $1,498,337 which resulted in a loss from operations of $1,279,627; (iv) financing expenses ($30,352) which comprise interest and bank charges recovery of $2,067, foreign exchange gain of $91,233 and accretion of convertible notes of $62,948 and resulted in a net loss before income tax of $1,249,275; and (v) income tax expense of $7,628 resulting in net loss of $1,256,903.

Q4 2019 Results

The Company's revenue was $3,123,777 and $2,449,020 during the three months ended December 31, 2019 and 2018, respectively - a year over year growth of 27.6%. Revenue in Q4 and Q1 is typically lower than Q2 or Q3 due to the normal trend of patient volume. Historically, patient visits are lower in these two quarters due to many reasons including the cost of such services which today are uninsured. Revenue for the three months ended December 31, 2019 consisted of software licensing fees amounting to $12,694 (2018: $6,495), contract research solutions fees amounting to $77,938 (2018: $nil) and clinic revenue amounting to $3,033,145 (2018: $2,442,525). Cost of sales during the three months ended December 31, 2019 and 2018 totaled $1,051,418 and $748,514, respectively. The increase in revenue and cost in comparison to Q4 2018 is due to new acquisitions during the year.

Operating expenses during the three months ended December 31, 2019 and 2018 totaled $7,954,868 and $3,658,269, respectively. Operating expenses increased for the three months ended December 31, 2019 as a result of impairment losses booked on the company's intangible assets. Operating expenses during the three months ended December 31, 2019 primarily comprised management fees, salaries and wages amounting to $1,891,769 (2018: $1,912,527), office and administration expenses amounting to $392,667 (2018: $199,140), professional fees amounting to $252,834 (2018: $468,934), directors' fee amounting to $136,500 (2018: $nil) marketing and business development expenses amounting to $108,247 (2018: $370,510), share based compensation amounting to $660,247 (2018: $184,837), and rent amounting to $23,815 (2018: $207,640).

The Company recorded net losses before income taxes of $5,829,298 and $2,493,137 during the three months ended December 31, 2019 and 2018, respectively. The decrease in net loss was a result of significant costs relating to the public listing process recorded in the comparative period, together with significant operational efficiencies realized during the year. These efficiencies are expected to assist the

Company realize its goal of profitability in 2020.

DISCUSSION OF OPERATIONS

For the year ended December 31, 2019, 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, the United States and Canada. The functional currency is the United States dollar ("USD") for operations in the United States and the Canadian dollar ("CAD") for operations in Canada. The Company's reporting currency is the CAD.

Revenues for the year ended December 31, 2019 for US (Clinic) and Canada (Software and Research) were $13,278,075 and $145,672, respectively. Cost of sales for the year ended December 31, 2019 for US (Clinic) and Canada (Software) were $4,100,672 and $nil, resulting in gross profits of $9,323,075 and $7,905,262, respectively. The significant increase of revenue in 2019 compared to that of the prior year is attributable to new acquisitions in the US and new contract research contracts in Canada. The Company expects some growth in revenue from technology and research contracts. However, the Company expects near term revenue growth primarily from same services, new services and accretive acquisitions.

Operating expenses for the year ended December 31, 2019 for the US and Canada segments were $11,863,957 and $6,743,669, respectively.

Net loss after taxes for the year ended December 31, 2019 for the US and Canada were $2,842,024 and $7,134,248, respectively.

Adjusted-EBITDA

Adjusted EBITDA for the year ended December 31, 2019 was a loss of $2,768,258 compared to an Adjusted EBITDA loss of $1,908,556 for the prior year. However, there was a 18% improvement in Adjusted EBITDA in the second half of 2019 compared to the first half of 2019 due to additional contributions from acquisitions completed during the year. The Company is committed to reducing its monthly burn through uncovering new opportunities to increase revenue and finding additional cost savings through economies of scale, and other operating efficiencies. The goal of the Company remains focused on complete operational autonomy without the need for external capital. Technology and economies played a big role in reaching these metrics at the end of 2019. Moving in 2020, the Company was committed to seeing profitability based on reasonable expectations of revenue by Q2 2020. As announced as part of subsequent events, the new cost structure reached allowed the Company on an unaudited basis to reach profitability in April and May 2020.

The Company's clinical business remains profitable. The Company has made the

strategic decision to use the profits found within the clinical operations to help fuel the development of the technology and research & development business. This allows the Company to leverage its cash flow for future revenue gain in these newer business areas. Recent revenues driven through technology and research projects has allowed the Company to recognize some of the return on investment and the Company expects that further traction and adoption in 2020 will continue to result in increased earnings in these categories in the coming years.

The MD&A makes references to certain non-IFRS measures, including certain industry metrics. These metrics and measures are not recognized measures under IFRS, do not have meanings prescribed under IFRS and are as a result unlikely to be comparable to similar measures presented by other companies. These measures are provided as information complimentary to those IFRS measures by providing a further understanding of our operating results from the perspective of management. As such, these measures should not be considered in isolation or in lieu of review of our financial information reported under IFRS. This MD&A uses non-IFRS measures including "EBITDA", "adjusted EBITDA". EBITDA, and adjusted EBITDA are commonly used operating measures in the industry but may be calculated differently compared to other companies in the industry. These non-IFRS measures, including the industry measures, are used to provide investors with supplementary measures of our operating performance that may not otherwise be apparent when relying solely on IFRS metrics.

Reconciliation of Adjusted EBITDA to Loss from operations

$	December 31, 2019	December 31, 2018
Loss from operations	(9,284,551)	(2,872,035)
Depreciation, amortization, impairment & write-offs	5,980,875	1,005,549
Share based compensation	1,120,813	546,446
Capitalization of software development cost	(1,048,602)	(1,033,064)
Capitalization of lease payments	(902,228)	-
One-off acquisition related costs etc.	1,365,435	444,548
Adjusted EBITDA	**(2,768,258)**	**(1,908,556)**

FINANCIAL POSITION

Significant Assets

$	December 31, 2019	December 31, 2018
Cash	130,273	433,833
Trade and other receivables	309,353	297,479
Computer software	1,312,170	1,756,447
Other intangible assets	4,321,118	3,907,917
Goodwill	1,634,611	3,960,758
Right of use assets	1,532,128	-

The Company's total assets at December 31, 2019 were $9,484,082 (December 31, 2018: $10,893,603). These assets were mainly comprised of cash amounting to $130,273 (December 31, 2018: $433,833), trade and other receivables amounting to $309,353 (December 31, 2018: $297,479), computer software amounting to $1,312,170 (December 31, 2018: $1,756,447), other intangible assets amounting to $4,321,118 (December 31, 2018: $3,907,917) and goodwill amounting to $1,634,611 (December 31, 2018: $3,960,758) and right of use assets amounting to $1,532,128 (December 31, 2018: nil).

As at December 31, 2019, the Company had a cash balance of $130,273 (December 31, 2018: $433,833). Decrease in cash was due to cash amounting to $1,149,360 used in operations, cash amounting to $1,842,308 utilized in software development and acquisition activities, partially offset by cash amounting to $2,672,244 generated from financing activities.

The Company recognizes that the Cash position remains low with relation to the EBITDA reported for the year however it is important to note that EBITDA margins have significantly improved throughout 2019 and will continue to do so into 2020. The Company will be closely monitoring the cash position and will work to avoid any unnecessary dilution to shareholders. The Company expects that it has sufficient cash on hand to reach near-term profitability moving into 2020. The Company was committed to profitability and maintained to shareholders that it would focus on operations while minimizing dilution to shareholders until it reached profitability. The Company continued to be committed to this through to Q2 2020. The Company also received USD $652,500 as relief funds for its medical services division in the US

Outstanding Share Data

	Shares	Warrants	Options
December 31, 2017	52,262,441	9,140,632	3,168,240
December 31, 2018	63,373,816	13,547,180	5,925,868
December 31, 2019	82,836,742	15,530,719	6,721,368
June 18, 2020	96,559,794	10,935,020	7,122,553

Liquidity and Capital Resources

Year Ended December 31,	2019	2018
	$	$
Cash used in operating activities	(1,148,762)	(1,134,375)
Cash used in investing activities	(1,842,308)	(1,424,307)
Cash provided by financing activities	2,672,244	2,326,076

The Company's cash used in operations for the year ended December 31, 2019 was $1,149,762 (2018: $1,134,375). Adjustments to arrive at operating cash flow include a $3,607,499 adjustment for impairment, $429,338 adjustment for change in fair value of financial instruments, $166,311 adjustment for gain on extinguishment of debt, $2,257,560 adjustment for depreciation and amortization, unrealized foreign exchange loss of $263,970, accretion on convertible debentures of $28,632, accretion on lease liabilities of $212,315, reverse takeover transaction costs of $807,995, share-based compensation of $1,120,813 and the net change in non-cash working capital balances of $1,263,879 because of decrease of inventories of $54,496, increase in trade and other receivables of $14,746, decrease in prepaid expenses of $5,783, increase in accounts payable and accrued liabilities of $1,106,886 and decrease in income taxes payable of $111,460. The decrease in cash used in operations during year ended December 31, 2019 compared to the year ended December 31, 2018 is attributable to higher adjustments for non-cash and other items and greater working capital financing, partially offset by significant investments in scaling the operations and head office costs.

The Company's cash used in investing activities for the year ended December 31, 2019 was $1,842,308 (2018: $1,424,307). The increase was primarily due to an increase in software development and acquisition activities.

The Company's financing activities in 2019 comprised raising $2,672,244 through the issuance of shares and warrants. During the year, the company also borrowed $787,800.

Financing activities during 2018 comprised $4,353,452 through the issuance of shares and warrants, and $3,274,080 through issuance of a promissory note. During 2018, the Company also repaid a promissory note amounting to $3,260,438, convertible debt amounting to $440,506, and repurchased shares and warrants amounting to $1,676,011.

As at December 31, 2019, the Company had a working capital deficiency of $6,711,281 (2018: $862,515). The Company had incurred losses to date and had an accumulated deficit of $16,522,211 as at December 31, 2019 (2018: $5,547,759). The Company generates revenue but will incur losses until revenues reach a level where operations become profitable. Management of the Company believes this will be reduced over the next quarters as its newly acquired New Jersey operations, continued clinical consolidation efficiencies and revenue related to its non-clinical business areas comes online. Contribution in these areas is not only expected to add to the Company's top line, but also generate a higher margin than its current clinical operations. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. The Company may require additional debt and/or equity financing in order to accelerate its growth strategy. Although the Company has been successful in raising funds to date, there can be no assurance that funding will be available in the future or available under terms acceptable to the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management currently consists of the Company's directors and officers.

Salaries and short-term benefits of key management personnel amounted to $448,000 and $463,341 for the years ended December 31, 2019 and 2018, respectively.

Share-based compensation of key management personnel amounted to $405,061 and $379,789 for the years ended December 31, 2019 and 2018, respectively.

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

New Accounting Policies Adopted

(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.

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.

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 reasonably 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

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.

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, leases are reassessed to determine if the Company is reasonably certain to exercise options and account for any changes at the date of the reassessment.

(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.

Risk Factors

The following section describes specific and general risks that could affect the Company. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to the Company, or that it currently deems immaterial, may also impair its operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected. The risk factors described below should be carefully considered by readers.

Limited Operating History

The Company, while incorporated in November 2014, began carrying on business in 2017 and has only very recently begun to generate revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

Scrutiny of Company's Investments in the United States

The Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct or indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described herein. Government policy changes or public opinion

may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have material adverse effects on the Company's business, financial condition and results of operations.

Variation in Regulation

Individual state laws do not always conform to the federal standard or to other states' laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect the Company's future cash flows, earnings, results of operations and financial condition.

Canadian Companies with U.S. Marijuana-Related Assets

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) Issuers with U.S. Marijuana-Related Activities (the "Staff Notice"), which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the US as permitted within a particular state's regulatory framework. All issuers with US cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in required disclosure documents.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer's involvement in the US marijuana industry; (ii) disclosure that marijuana is illegal under US federal law and that enforcement of relevant laws is a significant risk; (iii) related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the US; and (iv) a discussion of the reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the US marijuana industry, or deemed to have "ancillary industry involvement", all as further described in the Staff

Notice.

At this time, the Company's involvement in the US cannabis industry is limited and its industry involvement of cannabis activities is "Ancillary" through direct control of an entity that provides services to third parties who are indirectly involved in the U.S. marijuana industry (the "Investee"). In addition, the Company does not operate, nor control any subsidiary that is directly engaged in the cultivation or distribution of marijuana in accordance with any US state license. As a result of the Investees having cannabis-related operations in the US, the Company is subject to the requirements of the Staff Notice and accordingly provides the following disclosures:

Compliance with Applicable State Laws in the US

The Company has not obtained legal advice regarding compliance with applicable state regulatory frameworks and exposure and implication arising from US federal laws in the states where its Investee conducts operations. To the best of the Company's knowledge, the Company is not aware of any non-compliance with applicable licensing requirements and the regulatory framework enacted by the applicable US state. The Company is not aware of: (i) any non-compliance by its Investee with respect to marijuana-related activities, or (ii) any notices of violation with respect to its Investee's marijuana-related activities by its respective regulatory authorities.

Unfavourable Publicity or Consumer Perception

Management of the Company believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company.

Global Economic Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and trading price of the Company's common shares.

Risks Related to Pandemics, including COVID 19

Public health crises, including the ongoing novel coronavirus (COVID-19) pandemic, could have significant economic and geopolitical impacts that may adversely affect the Company's business, financial condition and/or results of operations. The Company's financial and/or operating performance could be materially adversely affected by the public health crisis resulting from the ongoing novel coronavirus (COVID-19) pandemic and other similar public health crises. Such public health crises, including the ongoing COVID-19 pandemic, and economic and geopolitical impacts caused as a result of such public health crises, can result in volatility and disruption to global supply chains, trade and market sentiment, mobility of people, and global financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, liquidity and volatility of capital markets, financing opportunities, financial conditions and results of operations, and other factors relevant to the Company. In addition, such public health crises may subject the Company to risks related to employee health and safety, slowdowns or temporary suspensions of operations in impacted locations, temporary or indefinite delays in the completion of our clinical trials, additional non-compensable costs, and/or the cancellation of contracts, all of which could negatively impact the Company's business, financial condition and/or results of operations.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in the United States or any of the states within the United States or any jurisdiction in which the Company operates or intends to operate could adversely affect the Company's business, financial condition, or results of operations.

Economic Environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company may pursue strategic acquisitions, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Operational Risks

The Company will be affected by a number of operational risks and the Company may not be adequately insured for certain risks, including: labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non- compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, environmental damage, adverse impacts on the Company's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Banking

Since the use of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept or deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have

difficulty finding a bank willing to accept their business. The inability to open bank accounts may make it difficult to operate the Company's U.S. operations.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Company's financial estimates, projections and other forward-looking information accompanying this document were prepared by the Company without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operating expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Company and its subsidiaries may achieve.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the global cannabis industry. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Competition – General

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support.

Competition – Healthcare Information Systems

The healthcare information systems market is highly competitive on a local, national and international level. The Company believes that the primary competitive factors in this market are:

- quality service and support;
- price;
- product features, functionality and ease of use;
- ability to comply with new and changing regulations;
- ongoing product enhancements; and
- reputation and stability of the vendor.

For example, the current EMR marketplace in Canada is currently dominated by Telus Health and the Company will face substantial competition from Telus Health and other established competitors, which have greater financial, technical, and marketing resources than it does. Its competitors could use their greater resources to modify their product offerings to incorporate platform functionality among doctors, patients, pharmacies and licensed producers in a comparable manner to the Company. The Company's competitors also have a larger installed base of users, longer operating histories and greater name recognition than the Company will.

There can be no assurance that the Company will successfully differentiate its current and proposed products from the products of its competitors, or that the marketplace will consider the products of the Company to be superior to competing products.

Competition – Health Care Clinics

The industry is intensely competitive, and the Company competes with other companies that may have greater financial resources and facilities. Numerous other businesses are expected to compete in the clinic space and provide additional patient services, in particular within states with new and emerging cannabis legislation.

An increase in competition for cannabis evaluations and education may decrease prices and result in lower profits to the Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company 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 the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations

and prospects.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Dependence on suppliers and skilled labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Risks Related to Software and Product Development

The Company continues to develop software and products. Inherent risks include:

- Lack of experience and commitment of team – The project manager is the leader and the most responsible person. An inexperienced manager can jeopardize the completion of a project.
- Unrealistic deadlines – Software projects may fail when deadlines are not properly set. Project initialization, completion date and time must be realistic.
- Improper budget – Cost estimation of a project is very crucial in terms of project success and failure. Low cost with high expectations of large projects may cause project failure.
- Lack of resources – Software and hardware resources may not be adequate. Lack of resources in terms of manpower is also a critical risk factor of software failure.
- Personnel hiring – The Company will be subject to extensive hiring requirements across all of its business lines as well as a need to release underperforming employees in order to perform and grow at the rate it intends. Staffing requirements may not be properly attained or assigned for/to specific tasks or company needs.
- Understanding problems of customers – Many customers are not technical in terms of software terminologies and may not understand the developer's point of view. Developers may interpret information differently from what is provided by the clients.

- Inappropriate design – Software designers have a major role in the success or failure of the project if a design is inappropriate for the project.
- Market demand obsolete – Market demand may become obsolete while a project is still in progress

Risks Inherent in the Health Clinic Industry

Changes in operating costs (including costs for maintenance, insurance), inability to obtain permits required to conduct clinical business operations, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of the Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges must be made to operate the Company's clinic operation, regardless of whether the Company is generating revenue.

Material Impact of PIPEDA/HIPPA Legislation on the Company's Business

Regulations under PIPEDA/HIPAA governing the confidentiality and integrity of protected health information are complex and are evolving rapidly. As these regulations mature and become better defined, the Company anticipates that they will continue to directly impact our business. Achieving compliance with these regulations could be costly and distract management's attention from its operations. Any failure on the Company's part to comply with current or future regulations could subject it to significant legal and financial liability, including civil and criminal penalties. In addition, development of related federal and state regulations and policies regarding the confidentiality of health information or other matters could positively or negatively affect our business.

The Company's investments in the United States and Canada are subject to applicable anti- money laundering laws and regulations

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the Financial Crimes Enforcement Network ("FCEN") of the Treasury Department issued a memorandum (the "FCEN Memo") providing instructions to

banks seeking to provide services to cannabis-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Canadian investors in the Common Shares and the Company's directors, officers, and employees may be subject to travel and entry bans into the United States

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States–Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time.

The majority of persons travelling across the Canadian and U.S. border do so without incident. Some persons are simply denied entry one time. The U.S. Department of State and the Department of Homeland Security have indicated that the United States has not changed the admission requirements in response to the pending legalization of recreational cannabis in Canada. Admissibility to the United States may be denied to any person working or 'having involvement in' the marijuana industry according to United States Customs and Border Protection. Additionally, legal experts have indicated that if the admission criteria are applied broadly, this may result in a determination that the act of investing in or working or collaborating with a U.S. cannabis company is considered trafficking in a Schedule I controlled substance or aiding, abetting, assisting, conspiring or colluding in the trafficking of a Schedule I

controlled substance. Inadmissibility in the United States implies a lifetime ban for entry as such designation is not lifted unless an individual applies for and obtains a waiver.

Company directors, officers or employees traveling from Canada to the United States for the benefit of the Company may encounter enhanced scrutiny by United States immigration authorities that may result in the employee not being permitted to enter the United States for a specified period of time. If this happens to Company directors, officers or employees, then this may reduce our ability to manage our business effectively in the United States. The Company will retain, as required, counsel and is in the process of developing policies to deal with any immigration-related issues which may arise.

In certain circumstances, the Company's reputation could be damaged

Damage to the Company'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. 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 regarding the Company and its activities whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company will not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having material adverse impact on financial performance, financial condition, cash flows and growth prospects.

The Company may lack access to United States bankruptcy protections

Because cannabis is a Schedule I substance under the Controlled Substance Act, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

Currency Fluctuations

Due to the Company's present operations in the United States, and its intention to continue future operations outside

Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased

volatility in the currency markets.

A substantially amount of the Company's revenue will be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Requirements for Further Financing

The Company may need to obtain further financing, whether through debt financing, equity financing or other means. The Company must obtain such financing through a combination of equity and debt financing and there can be no assurance that the Company can raise the required capital it needs to build and expand its current operations, nor that the capital markets will fund the business of the Company. Without this additional financing, the Company may be unable to achieve positive cash flow and earnings as quickly as anticipated. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding would also result in dilution of the equity of the Company's shareholders.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Conflicts of Interest

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Health Care Coverage

There is a possibility that healthcare companies can refuse to cover medical cannabis costs and due to the high costs associated with medical cannabis this can lead to consumers moving to a different medical product that is covered.

Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of its Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors. Any future dividends paid by the Company would be subject to tax and potentially, withholdings.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward- looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors, including, but not limited to:

- assumptions about the ability of the Company to raise necessary capital for its existing operations and expansion plans;
- the ability of the Company to retain key management personnel; and
- the Company's ability to capitalize on synergies and adopt reasonable cost saving measures within its Clinical brands.

Some of the important environmental factors, but certainly not all, that could cause actual results to differ materially from those indicated by such forward-looking statements are:

(i) dependence on third parties,

(ii) changes in government regulation,

(iii) the effects of competition,

(iv) impact of American and Canadian economic conditions, and

(v) fluctuations in currency exchange rates and interest rates.