CB2 INSIGHTS INC.
Interim Management Discussion and Analysis – Quarterly Highlights
For the three and six months ended June 30, 2019
Dated: August 28, 2019
(Expressed in Canadian dollars)

The following interim Management's Discussion & Analysis ("Interim MD&A") of CB2 Insights Inc. (formerly 10557404 Canada Corp.) (the "Company" or "CB2") for the three and six months ended June 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended December 31, 2018, and December 31, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 26, 2019, unless otherwise indicated.

For the purposes of preparing this Interim 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.

Reporting Highlights

- Revenue of over $3.3 million for the quarter, resulting in a growth of 14% from Q1 2019;
- Acquisition subsequent to quarter end would have contributed an additional $700 thousand;
- Successfully completed two (2) clinical acquisitions within the quarter including Relaxed Clarity in Colorado and MedEval Clinics LLC in Colorado and Arizona;
- Net loss position improved 14% quarter over quarter and improved 33% within the first 6 months of 2019 on a normalized basis as compared to the H2 2018;

- Company announced its listing in the US on the OTCQB Markets Exchange under the symbol CBIIF;
- Subsequent to quarter end, Company was selected as exclusive research technology platform for 20,000-patient pilot program in the UK led by Drug Science;
- Expanded Board of Directors with the addition of former Johnson & Johnson and Pfizer Executive, Peter Cummins and corporate finance and cannabis industry leader, Gerry Goldberg, both as Directors.

Description of Business

CB2 Insights (the "Company") 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"). CB2 Insights has a mission to mainstream medical cannabis into traditional healthcare. We do so by gathering data and creating objective real-world evidence through our proprietary software and service brands. The Company uses a multi-pronged business approach, owning a operating the largest cannabis-focused clinical network in the US, designing a developing the industry's most comprehensive technology electronic data capture and clinical trial management solution, providing industry stakeholders with a full service turnkey clinical trial management support, data management and analytics tools to advance the industry's understanding of how cannabinoid therapy can integrate into traditional treatment plans. Though these business units, CB2 Insights and its group of sub-brands has become a leading force behind bringing traditional healthcare protocols to the rapidly evolving global cannabis industry. The head office is located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

MVC Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) on November 3, 2014.

The principal business carried out by the Company since incorporation has been the development of a vertically-integrated healthcare technology and services company focused on advancing efficacy research surrounding cannabinoid therapy through Real World Evidence (RWE) and clinical research generated from the company's research and technology divisions. Recognizing a gap in the healthcare market to support the integration of cannabis into the practices of clinicians and thereby the access of treatment options for patients initially drove the Company to develop the tools and services with artificial intelligence and machine learning algorithms that healthcare practitioners sought out in traditional clinical practice.

With its success in patient acquisition, clinical management and data capture in the US, the Company is now able to leverage its experience to support new emerging geographies in need of growing patient registries, education and support of physicians and validation of products entering the market. A lack of clinically-validated information on specific products and/or cannabinoid therapy as a whole poses a major issue in new markets where more traditional prescription and dispensing structures are put in place. As such industry stakeholders, such as Licensed Producers

need access to data collection tools to support product efficacy and safety claims as they enter a new market. This is generated through robust clinical trials and subsequent data insights.

The Company, under the brand CB2 Insights, focuses on three main organizational pillars, Clinical, Technology and Research & Insights (which includes clinical research support to stakeholders such as Licensed Producers, pharmaceutical companies and other product manufacturers); and together create a comprehensive, end-to-end view of a patient's cannabinoid therapy journey to provide a greater understanding of the safety, efficacy, risks and benefits associated with cannabis-derived medical treatments.

Pillar 1 – Clinical

CB2 Insights has amassed among the industry's largest patient registry using cannabis-based treatment through the management of its wholly owned clinical operations. By way of acquiring Canna Care Docs, MedEval Clinics LLC, Relaxed Clarity, and subsequent to quarter end, acquiring New Jersey Alternative Medicine, the Company now operates a total of 35 physical medical cannabis evaluation centers and 2 virtual clinics which in total serve nearly 100,000 patients across 13 states. The Company oversees the integration of medical cannabis into traditional treatment programs across a variety of indications from chronic pain to mood-related disorders.

Both the management of these clinics along with the organic growth that the Company has experienced subsequent to acquisitions has positioned CB2 Insights to lend its support to partners in emerging markets. The Company is now able to leverage its experience to establish and grow patient registries in the US and internationally by using its own clinic infrastructure or supporting the building of a patient network through partnerships with Licensed Producers or other industry stakeholders. This can often be done without the need to build new, comprehensive clinical infrastructure as the Company has done within the US.

Pillar 2 – Technology

The Company has designed, developed and acquired proprietary technology assets which allow it 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 capture Real World Data (RWD) related to cannabinoid treatment efficacy, treatment interactions and other key predictive determinants for health. A core part of its Technology focus is to support the development of standardized clinical practices across a variety of national and international jurisdictions.

The Company's primary technology platform, Sail is a proprietary electronic health 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 the patient. Key to this, is the input of comprehensive data related to the patient's medical history, indications and symptoms, previous treatments, etc. Unique to the Company, Sail has developed workflows based on protocols and guidelines from industry best practices and over 500 published clinical trial studies to ensure a standardized manner of patient care and treatment.

Additional technology solutions include patient input tools used for the 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.

Pillar 3 – Research & Insights

Key to the mission of the Company is its Research & Insights focus which is designed to identify and support clinical trial data through the generation of safety and efficacy claims from RWE. This is paramount for major stakeholders including but not limited to government agencies, regulatory bodies, pharmaceutical companies, academia, insurance companies and licensed producers. The Company analyzes real-world data, either through its own clinical operations or through partnerships in emerging markets to generate insights in a myriad of ways. As a first mover in the development of these types of tools, the Company continues to advance in conversation with regulatory bodies, licensed producers, pharmaceutical companies and others to define the value propositions, and the information required to create (a) future and sustainable revenue stream(s).

As part of these initiatives, the Company sees as a lucrative stream through joint research projects in which CB2 Insights may leverage any combination of its technology, patient registry and/or industry knowledge to support large-scale projects that focus on studying cannabinoid therapy in various markets. These types of revenue-generating projects are near-term in nature and support the current needs within the market.

Segmentation

The Company's current revenues are predominantly generated through its clinical division by way of private fees charged directly to patients on a fee-for-service basis, typically paid for their initial qualification and ongoing care while using medical cannabis. In the states where the Company operates, medical cannabis evaluations are currently considered to be a third-party service and not covered through any government, insurance or other healthcare plans.

The Company is confident that additional revenue streams from the licensing of its Technology, Data Insights and increasing demand for support on industry research programs will become an important part of the future revenue of the company in the coming quarters.

Further performance on the segmentation of the Company can be found in the Financial Statements filed alongside this document.

2019 Operational Highlights To-Date

The following are key Operational Highlights of the Company during the six months ended June 30, 2019:

- 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.

- On January 23, 2019, the Company granted an aggregate of 485,000 options to employees, directors and consultants. Employee options were part of a pre-existing pool of unused options now granted to employees as part of the Employee Stock Option Plan (ESOP) prior to the Company going public. 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.

- 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 has converted 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 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 issuance. The Company also issued 26,040 broker warrants in combination with the closing of the Subscription Receipt Units. Each broker warrant entitles the holder to purchase one Unit at $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 issuance.

- In relation to the 2019 private placements, the Company paid cash issuance costs of $23,730.

- On February 1, 2019, a consultant exercised 300,000 options at a price of $0.016 per share.

- On March 1, 2019, the Company completed a reverse take-over transaction with MVC Technologies Inc. and Canada Corp. 10557404 after having received conditional approval on February 26th from the Canadian Securities Exchange to list the Company's common shares.

- On March 5, 2019 a consultant exercised 55,560 options at a price of $0.09 per share.

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

Conversion Date as stipulated in the debenture agreement.

- 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, for 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. This transaction was closed on April 9, 2019.

- On March 6, 2019, the Company commenced trading on the Canadian Securities Exchange (CSE) under the symbol "CBII".

- 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.

- 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.

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

- On May 17, 2019, the Company commenced trading in the US on the OTCQB Markets Exchange under the symbol CBIIF.

- 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 a earn-out arrangement with no cash or other consideration payable on closing date. As per the terms of the 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. The transaction was closed subsequent to quarter end, on July 1, 2019.

- 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.

- Subsequent to quarter end, 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.

- Subsequent to quarter end, the Company added two new members to the Board of Directors. Peter Cummings (July 31, 2019), a former pharmaceutical executive with Johnson and Johnson and Pfizer joined the Board as a Director. Gerry Goldberg (August 1, 2019), corporate finance executive and cannabis industry expert joined the Board as Director and appointed as Audit Committee Chairman.

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.

With the acquisitions of various 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. The Company will look to continue to grow the brands organically but also sees synergies both in cost reductions and growth opportunities within the combined operations.

As the Company has built among the largest patient registries related to cannabinoid therapy in the industry, a key focus moving forward will be to leverage this asset and the experience that comes with its ongoing management to support research projects both within the US and internationally. The industry is at an inflection point in which Licensed Producers and product manufacturers are in need of validating the therapeutic benefits of cannabis-based medicine in the same manner as traditional pharmaceutical companies. A combination of our purpose-built data collection technology, access to large patient volumes across a wealth of conditions and years of experience building these more traditional healthcare business units has led to opportunities that CB2 Insights will work to capture. Research is important to the advancement of the industry, and 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 targets and outcomes.

Moving forward, the Company will continue to look for ways to accelerate its Clinical business in an opportunistic fashion with a focus on how the patient registries that have been formed can be

leveraged towards new revenue streams from clinical trials. By having access to one of the largest registries in the US, the Company can offer Licensed Producers and product manufactures in the US the opportunity to benefit from one of the most enduring and costly aspects of running a trial – recruiting patients. Recent acquisitions have led to accretive growth to the Company's financial metrics as well as growth to the overall patient base, which has solidified CB2 Insights as the industry leader in this area. The US clinical industry is highly fragmented and provides a solid opportunity for the Company to continue to consolidate this industry in the near-term, though will do so in on an opportunistic basis only

The Company will also work to grow its existing clinical operations organically. With three established clinical brands, serving 13 US states and a total of approximately 100,000 patients per year, the Company sees several opportunities to grow patient volumes in existing clinics in the near-term. Marketing efforts will be increased to partner with specialists, patient support groups, resource centers and other channels to provide evaluations and education services within existing markets. The Company is also confident that cost synergies will continue to be uncovered to improve the bottom line of its clinical operations.

As new markets open within the US and abroad, the Company will assess whether to organically expand into those markets under its existing brands or to enter the market by way of M&A activity or even through partnerships with other industry leaders. This assessment will primarily be based on thorough cost analysis as there are times when market entry based on acquisition is more cost effective. The Company may decide to consider other options in developing patient registries Internationally. These may not always include ownership but rather research partnerships with existing clinical groups internationally to benefit from increased margin revenue from clinical trials without the cost of clinical infrastructure and management.

Additional focus will be in the development of business intelligence and other analytics tools that will be used by external stakeholders both within the cannabis industry and externally. Preliminary conversations with regulatory bodies, researchers and pharmaceutical companies have identified a market opportunity to design and develop these data tools to be commercialized to advance the understanding of cannabinoid therapy globally. These tools are intended to be used to assist in regulation efforts, drug research & development, drug commercialization and other critical areas of the healthcare space.

Discussion of Operations[1]

For the three and six months ended June 30, 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. Detailed segmentation can be found in the accompanying Financial Statements.

[1] Some comparative numbers for the three and six months ended June 30, 2018 have been revised for accuracy.

In Q2 2019, CB2 Insights improved on its revenue, Adjusted EBITDA[2] and Net Income/Loss performance. A combination of revenue growth due to new clinical acquisitions within the quarter as well as improved cost efficiencies throughout the business, the Company showed positive uptrend in all key financial performance metrics.

Total revenue for the three and six months ended June 30, 2019 was $3,257,021 and $6,106,832 respectively, a growth of 16.3% and 12.2% respectively over the corresponding periods last year. Compared to the three months ended March 31, 2019, the growth is 14.3% during the three months ended June 30, 2019 whilst compared to the six months ended December 31, 2018, the growth is 14.7% during the six months ended June 30, 2019. The growth was due, in part, to two new clinical acquisitions completed in the beginning of the second quarter. Total cost of sales for the three and six months ended June 30, 2019 was $1,129,270 and $1,784,958 respectively, resulting in gross profits of $2,127,751 and $4,321,874 respectively. Total cost of sales for the three and six months ended June 30, 2018 was $682,225 and $1,338,499 respectively, resulting in gross profits of $2,118,203 and $4,105,246 respectively.

As stated above, growth in revenue and gross profit was in part due to the acquisitions of MedEval and Relaxed Clarity. Revenues from these two clinical acquisitions were not realized during the quarter ended March 31, 2019, as both the acquisition of MedEval and Relaxed Clarity occurred subsequent to the first quarter end. The revenue generated from these two acquisitions were in line with revenue contribution estimates provided in the Company's reporting of Q1 2019. As such, management believes that revenue contribution from the acquisition of NJAM clinics, which was completed the day following the close of Q2 and therefore will be realized in full within the third quarter of 2019 will lead to further growth in revenue and gross profit. Revenue contribution from NJAM for the three months ended June 30, 2019 would have been an estimated $700,000. Management is confident that additional increases generated from its Technology and Research & Insights business areas may lead to material growth in the near term.

Operating expenses for the three months ended June 30, 2019 were $3,828,733. Operating expenses for the six months ended June 30, 2019 were $6,986,666. The company incurred significant one time expenses largely in relation to its RTO transaction and go-public initiatives and clinical acquisition costs. Those one-time, non-recurring expenses totalled $414,838 for the three months ended June 30, 2019 and $899,128 for the six months ended June 30, 2019. The Company had an additional payroll run within the second quarter. The above have been adjusted and normalized while calculating the Adjusted EBITDA.

As such, Adjusted EBITDA for the quarter ended June 30, 2019 was a loss of $790,818 compared to an Adjusted EBITDA loss of $712,582 for the prior quarter. It is important to note that the 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

[2] 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.

(Expressed in Canadian dollars)

Research & Insights business. This allows the Company to leverage its cashflow for future revenue gain in these newer business areas.

CB2 Insights has also improved its net loss position quarter over quarter since Q4 2018. Net loss after taxes for the three months ended June 30, 2019 was $1,865,895. Net loss after taxes for the six months ended June 30, 2019 was $4,027,442. The Company incurred $807,995 in transactional and legal costs related to its RTO transaction. These expenses are one-time in nature and should not be considered as part of the Company's normal operating expenditures. Compared to the second half of 2018, the Company has improved its Net Income/Loss position by 33% when excluding non-cash and one-time expenses. These reductions were in part due to further improvements in Company's top and bottom line. The Company is committed to reducing its monthly burn through new opportunities to increase revenue and find additional cost savings through economies of scale, and other operating efficiencies.

Significant Assets

$	**June 30, 2019**	**December 31, 2018**
Cash	1,283,377	433,833
Trade and other receivables	257,299	297,479
Computer software	1,891,825	1,756,447
Other intangible assets	4,621,523	3,907,917
Goodwill	4,094,301	3,960,758

The Company's total assets at June 30, 2019 were $13,909,921 (December 31, 2018: $10,893,603). These mainly comprised cash amounting to $1,283,377 (December 31, 2018: $433,833), trade and other receivables amounting to $257,299 (December 31, 2018: $297,479), computer software amounting to $1,891,825 (December 31, 2018: $1,756,447), other intangible assets amounting to $4,621,523 (December 31, 2018: $3,907,917) and goodwill amounting to $4,094,301 (December 31, 2018: $3,960,758).

Increase in cash was due to increase in shares and warrants issued in cash in the private placements and cash advances against promissory note offset by operational expenses and investments in capacity. Trade and other receivables decreased due to GST/HST refund received. Increase in computer software was due to investment by the Company in technology development to focus on strategy execution. Increase in other intangible assets and Goodwill was due to the recognition of customer relationships, brands and goodwill associated with the acquisition of Relaxed Clarity and MedEval Clinics by the Company.

Liquidity and Capital Resources

The Company's cash used in operations for the six months ended June 30, 2019 was $928,914. Operating activities were affected by a $974,250 adjustment for depreciation and amortization, accretion on convertible debentures of $77,553, accretion on lease liabilities of $79,779, penalty

on convertible debentures of $95,900, reverse takeover transaction costs of $807,995, share-based compensation of $266,647, capitalized interest on promissory note of $241,090 and the net change in non-cash working capital balances of $555,314 because of an increase of inventories of $4,790, decrease in trade and other receivables of $36,733, increase in prepaid expenses of $47,069, increase in accounts payable and accrued liabilities of $508,645, and increase in income taxes payable of $61,795.

The Company's cash used in investing activities for the six months ended June 30, 2019 was $635,578 which comprises investment by the Company in technology development to focus on strategy execution.

The Company's cash generated from financing activities for the six months ended June 30, 2019 was $2,416,046 which comprised raising $2,474,374 through the issuance of shares and warrants, cash advances of $787,800 against promissory note partly offset by purchase consideration payment of $467,495 for Relaxed Clarity and MedEval Clinics acquisitions and $378,633 payment of lease liabilities.

As at June 30, 2019, the Company had a cash balance of $1,283,377 (December 31, 2018: $433,833). The Company had current liabilities of $1,972,529 (December 31, 2018: $1,770,045). The Company's positive cash flow is primarily a result of proceeds from the private placements during the six months ended June 30, 2019 offset by expenses in relation to the 'going-public' process, technology development, and costs to scale the business and implement strategic plans.

As at June 30, 2019, the Company had a negative working capital of $257,838. The Company had incurred losses to date and had an accumulated deficit of $9,808,014 as at June 30, 2019. Management, however, believes this will be reduced over the next quarter as its newly acquired New Jersey operations and revenue related to its non-clinical business areas comes online. Contribution in these areas not only will 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 $221,100 and $254,400 for the six months ended June 30, 2019 and 2018, respectively.

Share-based compensation of key management personnel amounted to $67,553 and $62,173 for the six months ended June 30, 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. An adjustment to the opening deficit on January 1, 2019 of $(232,813) was made in the condensed interim consolidated statement of changes in shareholders' equity.

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

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

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

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

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

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

variable lease payments are expensed in the period to which they relate. The Company used an incremental borrowing rate of 10% for discounting the contractual lease payments.

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

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

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

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

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

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

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

Use of estimates and judgments

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

b. Judgments - Judgment is applied when determining if a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of

the asset, and should provide the right to substantially all of the economic benefits from the use of the asset.

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

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

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

(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

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company’s Annual MD&A for the fiscal year ended December 31, 2018, available on SEDAR at www.sedar.com.

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.

Forward-looking statements

Certain statements contained in this Interim 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.

The Interim MD&A includes forward looking information with respect to our Sail and TokeIn brands and their ability to capitalize on substantial opportunities in the future. It also includes

statements with respect to the Company's plans to grow the brands organically and expand beyond North America, focusing on Europe, South America and other emerging cannabis counties.

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 Interim 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 Interim 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;
- assumptions about licensing price and the number of users the Company can attract towards it's Sail and TokeIn brands; 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.