



**CB2 Insights Inc.**  
**Condensed Interim Consolidated Financial Statements**  
**March 31, 2020**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of CB2 Insights Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2020 have not been reviewed by the Company's auditors.

## CB2 INSIGHTS INC.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 200,307	\$ 130,273
Inventories	35,609	36,965
Trade and other receivables (note 4)	301,481	309,353
Prepaid expenses	14,186	25,436
<b>Total current assets</b>	<b>551,583</b>	<b>502,027</b>
Furniture and equipment (note 5)	163,330	182,028
Right-of-use assets (note 6)	1,555,919	1,532,128
Computer software and technology (note 7)	1,208,838	1,312,170
Other intangible assets (note 8)	4,584,034	4,321,118
Goodwill (note 8)	1,785,512	1,634,611
<b>Total assets</b>	<b>\$ 9,849,216</b>	<b>\$ 9,484,082</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,119,286	\$ 1,849,115
Payable to related parties	20,248	24,840
Promissory note payable (note 10)	4,373,049	4,003,465
Purchase consideration payable	-	566,318
Lease liabilities (note 11)	835,357	769,570
<b>Total current liabilities</b>	<b>7,347,940</b>	<b>7,213,308</b>
Lease liabilities (note 11)	864,611	883,441
<b>Total liabilities</b>	<b>8,212,551</b>	<b>8,096,749</b>
<b>Shareholders' equity</b>		
Share capital (note 12)	15,868,274	12,224,770
Warrant reserve (note 12)	869,668	3,356,534
Option reserve (note 12)	1,853,912	1,552,361
Shares and units to be issued	322,858	334,903
Accumulated other comprehensive income	214,826	440,976
Accumulated deficit	(17,492,873)	(16,522,211)
<b>Total shareholders' equity</b>	<b>1,636,665</b>	<b>1,387,333</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,849,216</b>	<b>\$ 9,484,082</b>

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

Nature of operations and going concern (note 1)

Subsequent events (note 16)

**CB2 INSIGHTS INC.**

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

Three months ended March 31,	2020	2019
<b>Revenues</b>		
Software	\$ 14,246	\$ 4,452
Contract research solutions	26,893	-
Clinic	2,890,887	2,845,359
	<b>2,932,026</b>	<b>2,849,811</b>
Cost of sales	1,030,331	655,688
<b>Gross profit</b>	<b>1,901,695</b>	<b>2,194,123</b>
<b>Operating expenses</b>		
Salaries and wages	1,390,959	1,105,387
Office and administration	376,601	366,793
Marketing and business development	56,569	536,511
Professional fees	226,354	470,101
Rent	68,119	40,077
Share-based compensation	314,070	183,903
Depreciation and amortization	614,148	491,317
<b>Total operating expenses</b>	<b>3,046,820</b>	<b>3,194,089</b>
<b>Loss from operations</b>	<b>(1,145,125)</b>	<b>(999,966)</b>
<b>Finance expenses</b>		
Foreign exchange (gain)/ loss	(664,933)	2,047
Reverse takeover transaction cost	-	807,995
Change in fair value	454,857	198,127
Accretion on convertible debentures	-	28,632
Interest on lease liabilities (note 11)	48,132	47,831
<b>Net loss before income taxes</b>	<b>(983,181)</b>	<b>(2,084,598)</b>
Income tax expense	-	61,605
<b>Net loss</b>	<b>(983,181)</b>	<b>(2,146,203)</b>
<b>Other comprehensive loss</b>		
Exchange difference on translation of foreign operations, net of tax	(226,150)	(59,885)
<b>Net loss and comprehensive loss</b>	<b>\$ (1,209,331)</b>	<b>\$ (2,206,088)</b>
<b>Basic and diluted net loss per common share</b>	<b>\$ (0.011)</b>	<b>\$ (0.031)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>90,620,904</b>	<b>68,963,299</b>

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

**CB2 INSIGHTS INC.****Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)****Three months ended March 31,****2020****2019****Operating activities**

Net loss for the period \$ (983,181) \$ (2,146,203)

Adjustments for:

Depreciation and amortization 614,148 491,317

Unrealized foreign exchange loss (670,156) -

Accretion on convertible debentures - 28,632

Interest on lease liabilities 48,132 47,831

Reverse takeover transaction cost - 807,995

Share-based compensation 314,070 183,903

Change in fair value 454,857 198,127

Changes in non-cash working capital items:

Inventories 4,520 4,843

Trade and other receivables (note 4) 18,275 (94,967)

Prepaid expenses 11,912 (54,474)

Accounts payable and accrued liabilities 184,034 (275,263)

Income taxes - 61,605

**Net cash used in operating activities (3,389) (746,654)****Investing activities**

Purchase of furniture and equipment - (25,296)

Development of computer software (122,609) (299,709)

**Net cash used in investing activities (122,609) (325,005)****Financing activities**

Payment to related parties (4,592) -

Shares and warrants issued for cash 407,950 2,477,240

Principal payment of lease liabilities (215,485) (150,119)

Interest paid on lease liabilities (48,132) (31,970)

**Net cash provided by financing activities 139,741 2,295,151****Net increase in cash during the period 13,743 1,223,492**

Effect of foreign currency on cash 56,291 (65,553)

**Cash, beginning of period 130,273 433,833****Cash, end of period \$ 200,307 \$ 1,591,772**

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

**CB2 INSIGHTS INC.****Condensed Interim Consolidated Statement of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	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
<b>Balance, January 1, 2019</b>	<b>63,373,816</b>	<b>\$ 7,794,137</b>	<b>\$2,685,560</b>	<b>\$ 301,623</b>	<b>\$ 75,499</b>	<b>\$ 82,428</b>	<b>\$ 457,990</b>	<b>\$(5,547,759)</b>	<b>\$ 5,849,478</b>
Private placement (note 12 (b))	5,133,338	1,711,384	855,285	-	(75,499)	-	-	-	2,491,170
Share issuance costs - cash	-	(15,584)	(8,146)	-	-	-	-	-	(23,730)
Share issuance costs - warrants	-	(25,799)	25,799	-	-	-	-	-	-
Shares issued in settlement of convertible debentures	7,594,547	1,093,549	-	-	-	(82,428)	-	-	1,011,121
Share-based compensation	-	-	-	183,903	-	-	-	-	183,903
Exercise of stock options	355,560	67,954	-	(58,154)	-	-	-	-	9,800
Shares issued on reverse takeover	1,363,636	504,273	18,735	188,079	-	-	-	-	711,087
Foreign currency translation	-	-	-	-	-	-	(59,885)	-	(59,885)
Net loss for the year	-	-	-	-	-	-	-	(2,146,203)	(2,146,203)
<b>Balance, March 31, 2019</b>	<b>77,820,897</b>	<b>\$ 11,129,914</b>	<b>\$3,577,233</b>	<b>\$ 615,451</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 398,105</b>	<b>\$(7,693,962)</b>	<b>\$ 8,026,741</b>

**CB2 INSIGHTS INC.****Condensed Interim Consolidated Statement of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)  
(Unaudited)**

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Shares and Units to be Issued	Accumulated other comprehensive income	Deficit	Total
<b>Balance, December 31, 2019</b>	<b>82,836,742</b>	<b>\$ 12,224,770</b>	<b>\$ 3,356,534</b>	<b>\$ 1,552,361</b>	<b>\$ 334,903</b>	<b>\$ 440,976</b>	<b>\$(16,522,211)</b>	<b>\$ 1,387,333</b>
Share-based compensation	1,248,460	124,846	-	314,070	-	-	-	438,916
Shares issued for services	563,667	69,685	-	-	-	-	-	69,685
Share issuance costs - cash	-	(6,250)	-	-	-	-	-	(6,250)
Shares issued and to be issued in settlement of accrued interest (notes 10 and 12 (b))	1,218,756	115,907	-	-	(2,660)	-	-	113,247
Shares issued in settlement of contingent consideration	2,500,000	350,000	-	-	203,948	-	-	553,948
Shares issued and to be issued against exercise of warrants	4,532,785	1,781,044	(1,373,094)	-	(213,333)	-	-	194,617
Shares issued against directors' fees	675,000	94,500	-	-	-	-	-	94,500
Warrants and options expired	-	1,113,772	(1,113,772)	(12,519)	-	-	12,519	-
Foreign currency translation	-	-	-	-	-	(226,150)	-	(226,150)
Net loss for the period	-	-	-	-	-	-	(983,181)	(983,181)
<b>Balance, March 31, 2020</b>	<b>93,575,410</b>	<b>\$ 15,868,274</b>	<b>\$ 869,668</b>	<b>\$ 1,853,912</b>	<b>\$ 322,858</b>	<b>\$ 214,826</b>	<b>\$(17,492,873)</b>	<b>\$ 1,636,665</b>

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

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# **CB2 INSIGHTS INC.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **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") 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 healthcare technology platform that connects patients, physicians, and regulated suppliers for the purposes of assessment, qualification, registration, and access to medication. The head office is located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

#### **Going concern**

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As of the balance sheet date, the Company has incurred an accumulated deficit of \$17,492,873 and has negative cash flow from operations. The Company has working capital deficit as of the balance sheet date of \$6,796,357. 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 unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the unaudited condensed interim consolidated statement of financial position. Such differences in amounts could be material.

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## **CB2 INSIGHTS INC.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2020**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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## **2. Basis of presentation**

### *Statement of compliance*

The notes presented in these unaudited condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, these interim consolidated financial statements are referred to as condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2019.

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

The Board of Directors approved these unaudited condensed interim consolidated financial statements on July 14, 2020.

## **3. Summary of significant accounting policies**

### **Comparative information**

Certain comparative figures have been reclassified to conform with the basis of presentation used in the current period.

### **New accounting standards adopted**

Amendments to IAS 1 - Presentation of financial statements ("IAS 1") and IAS 8 - Accounting policies, changes in accounting estimates and errors ("IAS 8")

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Company adopted the amendments to IAS 1 effective January 1, 2020, which did not have a material impact on the Company's unaudited condensed interim consolidated financial statements.



## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

#### 4. Trade and other receivables

	March 31, 2020	December 31, 2019
Trade receivables	\$ 33,969	\$ 71,569
Harmonized sales tax recoverable	152,047	136,592
Security deposits	115,465	101,192
	<b>\$ 301,481</b>	<b>\$ 309,353</b>

#### 5. Furniture and equipment

	Furniture	Vehicles	Computer Hardware	Leaseholds	Equipment	Total
<b>Cost</b>						
Balance, December 31, 2019	\$ 115,887	\$ 22,413	\$ 112,997	\$ 66,372	\$ 47,549	\$ 365,218
Net exchange differences	6,999	2,070	10,430	6,124	-	25,623
Balance, March 31, 2020	<b>\$ 122,886</b>	<b>\$ 24,483</b>	<b>\$ 123,427</b>	<b>\$ 72,496</b>	<b>\$ 47,549</b>	<b>\$ 390,841</b>
<b>Amortization</b>						
Balance, December 31, 2019	\$ 54,740	\$ 13,724	47,325	\$ 36,269	\$ 31,132	\$ 183,190
Amortization	9,881	1,934	9,751	5,727	3,962	31,255
Net exchange differences	3,130	1,372	4,903	3,661	-	13,066
Balance, March 31, 2020	<b>\$ 67,751</b>	<b>\$ 17,030</b>	<b>\$ 61,979</b>	<b>\$ 45,657</b>	<b>\$ 35,094</b>	<b>\$ 227,511</b>
<b>Net book value</b>						
Balance, December 31, 2019	\$ 61,147	\$ 8,689	\$ 65,672	\$ 30,103	\$ 16,417	\$ 182,028
Balance, March 31, 2020	<b>\$ 55,135</b>	<b>\$ 7,453</b>	<b>\$ 61,448</b>	<b>\$ 26,839</b>	<b>\$ 12,455</b>	<b>\$ 163,330</b>

#### 6. Right-of-use assets

	March 31, 2020
<b>Premises leases</b>	
Beginning balance	\$ 1,532,128
Additions	120,439
Depreciation	(227,446)
Impact of foreign exchange	130,798
Ending balance	<b>\$ 1,555,919</b>

## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

#### 7. Computer software and technology

<b>Cost</b>	
Balance, December 31, 2019	\$ 2,958,091
Additions	122,609
Net exchange differences	1,614
<b>Balance, March 31, 2020</b>	<b>\$ 3,082,314</b>

<b>Amortization</b>	
Balance, December 31, 2019	\$ 1,645,921
Amortization	226,531
Net exchange differences	1,024
<b>Balance, March 31, 2020</b>	<b>\$ 1,873,476</b>

<b>Net book value</b>	
Balance, December 31, 2019	\$ 1,312,170
<b>Balance, March 31, 2020</b>	<b>\$ 1,208,838</b>

#### 8. Goodwill and other intangible assets

	Goodwill	Customer relationships	Brand	Non- compete	Total other intangibles
<b>Cost</b>					
Balance, December 31, 2019	1,634,611	2,524,578	2,597,600	8,508	5,130,686
Net exchange differences	150,901	233,058	239,800	786	473,644
<b>Balance, March 31, 2020</b>	<b>\$ 1,785,512</b>	<b>\$ 2,757,636</b>	<b>\$ 2,837,400</b>	<b>\$ 9,294</b>	<b>\$ 5,604,330</b>
<b>Amortization</b>					
Balance, December 31, 2019	-	809,568	-	-	809,568
Amortization	-	128,918	-	-	128,918
Net exchange differences	-	81,810	-	-	81,810
<b>Balance, March 31, 2020</b>	<b>\$ -</b>	<b>\$ 1,020,296</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,020,296</b>
<b>Net book value</b>					
Balance, December 31, 2019	\$ 1,634,611	\$ 1,715,010	\$ 2,597,600	\$ -	\$ 4,312,610
<b>Balance, March 31, 2020</b>	<b>\$ 1,785,512</b>	<b>\$ 1,737,340</b>	<b>\$ 2,837,400</b>	<b>\$ 9,294</b>	<b>\$ 4,584,034</b>

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**9. Accounts payable and accrued liabilities**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accounts payable	\$ 1,447,439	\$ 1,158,628
Accrued liabilities	671,847	690,487
	<b>\$ 2,119,286</b>	<b>\$ 1,849,115</b>

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Less than 1 month	\$ 199,096	\$ 195,704
1 to 3 months	399,236	386,049
Greater than 3 months	849,107	576,875
	<b>\$ 1,447,439</b>	<b>\$ 1,158,628</b>

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**10. 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.

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**10. Promissory note (continued)**

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 during the year ended December 31, 2019.

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 three months ended March 31, 2020, interest expense amounting to \$113,247 (three months ended March 31, 2019 - \$112,532) was recorded on the promissory note. During the three months ended March 31, 2020, 1,218,756 common shares of the Company were issued in settlement of \$115,907 interest expense accrued during the year ended December 31, 2019. The Company also recorded a loss in fair value of \$369,584 during the three months ended March 31, 2020 on the Merida Note II.

**11. Lease liabilities**

	<b>March 31, 2020</b>
<b>Beginning balance</b>	<b>\$ 1,653,011</b>
Additions	120,439
Interest expense	48,132
Lease payments	(263,617)
Impact of foreign exchange	142,003
<b>Ending balance</b>	<b>\$ 1,699,968</b>
<b>Allocated as:</b>	
Current (no later than 1 year)	\$ 835,357
Long-term (later than 1 year but no later than 5 years)	864,611
	<b>\$ 1,699,968</b>

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**12. Share capital**

## a) Authorized share capital

Unlimited number of voting common shares without par value

## b) Common shares issued

	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, January 1, 2019</b>	<b>63,373,816</b>	<b>\$ 7,794,137</b>
<i>Private placements (i)</i>	5,133,338	1,711,384
Share issuance costs - warrants	-	(25,799)
Share issuance costs	-	(15,584)
Shares issued in settlement of convertible debt	7,594,547	1,093,549
Exercise of stock options	355,560	67,954
Shares issued on acquisition of Reverse Takeover	1,363,636	504,273
<b>Balance, March 31, 2019</b>	<b>77,820,897</b>	<b>\$ 11,129,914</b>
<hr/>		
<b>Balance, January 1, 2020</b>	<b>82,836,742</b>	<b>\$ 12,224,770</b>
Share-based compensation	1,248,460	124,846
Shares issued for services	563,667	69,685
Shares issuance costs	-	(6,250)
Shares issued in settlement of accrued interest	1,218,756	115,907
Shares issued in settlement of contingent consideration	2,500,000	350,000
Shares issued against exercise of warrants	4,532,785	1,781,044
Shares issued against directors' fees	675,000	94,500
Warrants expired	-	1,113,772
<b>Balance, March 31, 2020</b>	<b>93,575,410</b>	<b>\$ 15,868,274</b>

*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.

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## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 12. 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.

(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.

#### **2020**

(i) On January 26, 2020, 1,248,460 common shares valued at \$0.10 were issued to CEO and President in lieu of accrued compensation.

(ii) On January 26, 2020, 300,000 common shares valued at \$0.14 were issued to a consultant for services and 263,667 common shares were issued to settle accounts payable for services rendered.

(iii) On January 28, 2020, the Company issued 1,218,756 common shares in settlement of \$115,097 accrued interest on the Merida Note II.

(iv) 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.

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**12. Share capital (continued)**

b) Common shares issued (continued)

**2020** (continued)*Private placements (continued)*

(v) During the quarter ended March 31, 2020, shareholders exercised 4,532,785 warrants. The Company incurred cash issuance costs of \$6,250.

(iv) On January 26, 2020, 675,000 common shares valued at \$0.14 per share were issued to Directors as compensation for their services.

**Warrants**

A summary of the warrant activity for the periods ended March 31, 2020 and 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, December 31, 2018</b>	<b>13,547,180</b>	<b>0.42</b>
Granted upon RTO of CB2	151,515	1.65
Granted	2,592,710	0.80
<b>Balance, March 31, 2019</b>	<b>16,291,405</b>	<b>0.49</b>
<b>Balance, January 1, 2020</b>	<b>15,530,719</b>	<b>0.56</b>
Exercised	(4,532,785)	(0.64)
Expired	(5,877,544)	(0.40)
<b>Balance, March 31, 2020</b>	<b>5,120,390</b>	<b>0.45</b>

## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 12. Share capital (continued)

##### b) Common shares issued (continued)

At March 31, 2020, 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	1,679,700	\$ 0.20	0.58
\$0.41 - \$0.50	2,536,987	0.48	0.02
\$0.8	853,230	0.80	1.87
\$1.65	50,473	1.65	0.42
	5,120,390	\$ 0.45	0.51

#### 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 periods ended March 31, 2020 and 2019 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
<b>Balance, December 31, 2018</b>	<b>5,925,868</b>	<b>0.36</b>
Granted upon RTO of CB2	666,060	0.39
Granted	485,000	0.48
Exercised	(355,560)	0.03
<b>Balance, March 31, 2019</b>	<b>6,721,368</b>	<b>0.38</b>
<b>Balance, January 1, 2020</b>	<b>6,721,368</b>	<b>0.38</b>
Expired	(104,323)	0.19
<b>Balance, March 31, 2020</b>	<b>6,617,045</b>	<b>0.39</b>

At March 31, 2020, 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	1,033,332	\$0.15	3.02	258,333	\$0.15
\$0.17	363,030	\$0.17	1.49	363,030	\$0.17
\$0.41 - \$0.44	4,432,653	\$0.43	6.28	1,767,976	\$0.41
\$0.44 - \$0.50	485,000	\$0.48	1.92	293,750	\$0.50
\$0.66	303,030	\$0.66	1.49	303,030	\$0.66
	6,617,045	\$0.39	4.93	2,986,119	\$0.39



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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**12. Share capital (continued)**

b) Common shares issued (continued)

**Options (continued)**

During the three months ended March 31, 2020, \$314,070 (three months ended March 31, 2019 - \$183,903) has been recognized as an expense for the options vested during the period.

**13. Fair value measurement**

The Company classified and subsequently measured cash, trade and other receivables, accounts payable and accrued liabilities, and payable to related parties at amortized cost and the fair value of these financial instruments approximates carrying value due to their short-term nature and/or carrying market rates of interest. Promissory note payable and purchase consideration payable are classified fair value through profit or loss (FVTPL).

There were no transfers to or from any level of the fair value hierarchy during the three months ended March 31, 2020.

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 March 31, 2020 and December 31, 2019:

**As at March 31, 2020 - (Liabilities, at fair value)**

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Aggregate Fair Value</b>
Promissory note payable	\$ -	\$ -	\$ 4,373,049	\$ 4,373,049

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

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

## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

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#### 13. Fair value measurement (continued)

##### 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
March 31, 2020	\$ 4,003,465	\$ -	\$ (113,247)	\$ 482,831	\$ -	\$ 4,373,049
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
March 31, 2020	\$ 344,378	\$ -	\$ (350,000)	109	\$ 5,513	\$ -
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
March 31, 2020	\$ 221,940	\$ -	\$ (203,948)	(28,083)	\$ 10,091	\$ -
December 31, 2019	\$ -	\$ 472,158	\$ (265,070)	(61,932)	\$ 76,784	\$ 221,940

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

##### March 31, 2020

Description	Valuation technique	Fair value	Unobservable inputs
Promissory note payable	Monte Carlo simulation	\$ 4,373,049	(i)

##### 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.

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**13. Fair value measurement (continued)****Level 3 hierarchy (continued):**

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 as at March 31, 2020:

	<b>Original</b>	<b>+5%</b>	<b>-5%</b>
Share price volatility	\$ 4,373,049	\$ 4,372,337	\$ 4,374,005
Discount rate	4,373,049	4,351,819	4,394,524

A 5% change in the following assumptions will have the following impact on the fair value of promissory note as at December 31, 2019:

	<b>Original</b>	<b>+5%</b>	<b>-5%</b>
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 as at December 31, 2019:

	<b>Original</b>	<b>+5%</b>	<b>-5%</b>
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 as at December 31, 2019:

	<b>Original</b>	<b>+5%</b>	<b>-5%</b>
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

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**CB2 INSIGHTS INC.****Notes to the Condensed Interim Consolidated Financial Statements****March 31, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

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**14. 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.

<b>Three months ended March 31,</b>	<b>2020</b>	<b>2019</b>
Salary and short-term employee benefits	\$ 103,385	\$ 102,739
Share based compensation	142,078	67,553
	<b>\$ 245,463</b>	<b>\$ 170,292</b>

Payable to related party \$20,248 (December 31, 2019 - \$24,840) comprise of short-term loan from shareholders carrying an interest rate of 8%.

**15. 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:

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<b>Three months ended March 31, 2020</b>	<b>USA (Clinics)</b>	<b>Canada (Software)</b>	<b>Total</b>
<b>Revenue</b>	\$ 2,890,887	\$ 41,139	\$ 2,932,026
Cost of sales	1,030,331	-	1,030,331
<b>Gross profit</b>	1,860,556	41,139	1,901,695
Total operating expenses	1,893,834	1,152,986	3,046,820
<b>Income (loss) from operations</b>	(33,278)	(1,111,847)	(1,145,125)
Foreign exchange loss	-	(664,933)	(664,933)
Change in fair value	(27,974)	482,831	454,857
Interest on lease liabilities	46,422	1,710	48,132
<b>Net (loss)</b>	<b>\$ (51,726)</b>	<b>\$ (931,455)</b>	<b>\$ (983,181)</b>

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<b>As at March 31, 2020</b>	<b>USA (Clinic)</b>	<b>Canada (Software)</b>	<b>Total</b>
<b>Non-current assets</b>	\$ 8,423,891	\$ 873,742	\$ 9,297,633
<b>Total assets</b>	\$ 8,226,022	\$ 1,447,632	\$ 9,673,654
<b>Total liabilities</b>	\$ 2,549,160	\$ 5,487,829	\$ 8,036,989

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## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

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#### 15. Segmented information (continued)

Three months ended March 31, 2019	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 2,845,359	\$ 4,452	\$ 2,849,811
Cost of sales	655,688	-	655,688
<b>Gross profit</b>	<b>2,189,671</b>	<b>4,452</b>	<b>2,194,123</b>
Total operating expenses	1,581,386	1,612,703	3,194,089
<b>Income (loss) from operations</b>	<b>608,285</b>	<b>(1,608,251)</b>	<b>(999,966)</b>
Foreign exchange loss	-	2,047	2,047
Reverse takeover transaction cost	-	807,995	807,995
Change in fair value	-	198,127	198,127
Accretion on convertible notes	-	28,632	28,632
Accretion on lease liabilities	44,755	3,076	47,831
<b>Net income(loss) before income taxes</b>	<b>563,530</b>	<b>(2,648,128)</b>	<b>(2,084,598)</b>
Income taxes expense	61,605	-	61,605
<b>Net income (loss)</b>	<b>\$ 501,925</b>	<b>\$ (2,648,128)</b>	<b>\$ (2,146,203)</b>

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

#### 16. Subsequent events

(i) 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 and consultants. 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.

(ii) 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.

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## CB2 INSIGHTS INC.

### Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020

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#### 16. Subsequent events (continued)

(iii) 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 24, 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.