

CB2 Insights Reports Second Quarter Fiscal 2019 Financial Results, Sees Positive Impact from New Acquisitions

Revenue Increases 14% Over the Prior Quarter; 14% Improvement in Net Income/Loss Position

TORONTO, ON – August 28, 2019 – [CB2 Insights](#) (CSE:CBII; OTCQB:CBIIF) (“**CB2**” or the “**Company**”), a leading technology company focused on mainstreaming medical cannabis to the healthcare industry through Real World Evidence (“RWE”), today reported its results for the second quarter of 2019. Additional information concerning the Company, including its unaudited financial statements and related management’s discussion and analysis (“MD&A”) for the quarter ended June 30, 2019, can be found at www.sedar.com and on the Company’s website. All amounts are expressed in Canadian dollars unless otherwise noted.

Q2 2019 Financial Highlights

- Revenue for the quarter was \$3.3 million, a 14.3% increase over the previous quarter and did not include revenue from its recent [New Jersey Alternative Medicine acquisition](#), which would have added an estimated \$700 thousand for the quarter;;
- Gross profit of \$2.1 million or gross margin of 65.3%. The Company believes that gross margin will increase within the next quarter by way of economies of scale from its recent acquisitions which generally have a 3-6 months period to reflect in the Company’s results;
- Operating expenses increased quarter over quarter by \$671 thousand, due in large part to the [newly acquired clinics in Colorado and Arizona](#); as well as certain legacy expenses related to these clinics which the Company has since centralized and will see reflected in Q3;
- At quarter-end the Company had cash of \$1.3 million on hand;
- Adjusted EBITDA¹ loss of \$790 thousand in Q2 2019 versus Adjusted EBITDA¹ loss of \$712 thousand in Q1 2019*. The Company expects further improvements in EBDITA through continued scalability, new revenue from New Jersey operations, new opportunities related to clinical trials and research activity; and,
- Net loss improved to \$1.9 million versus \$2.2 million the prior quarter, a 14% improvement.

*Note: Q2 2019 Adjusted EBITDA¹ from US clinical operations remains positive. CB2 currently uses this surplus in cash flow to fuel its Research & Insights business, which includes but is not limited to clinical trials and research projects, software development, product development, analytical and commercialization teams.

“Our Clinical business continues to grow within our US patient registry, and we are also unlocking opportunities to leverage our experience in new international markets. There is now substantial demand in the market for solutions related to clinically-driven product research. Our expansive patient registry, cannabis-focused data collection technology, multi-jurisdiction experience and data analytics teams are allowing us to solidify research technology partnerships with the likes of the UK’s [Drug Science](#),” said Prad Sekar, CEO, CB2 Insights. “While our newly acquired New Jersey operations are showing very promising patient volume and revenue contribution in early Q3, we are excited to see the investment made into our clinical research and technology divisions over the last few years will soon be starting to show a material return, and we look forward to making announcements in this regard within the quarter.”

Q2 2019 Operational and Strategic Highlights

- [Completed acquisition of Relaxed Clarity Clinics](#) in Colorado;
- [Completed acquisition of MedEval Clinics LLC in Colorado and Arizona](#); and

¹See note on Non-GAAP Financial Measures.

- Company announced its listing in the US on the OTCQB Markets Exchange (Symbol CBIIF).

Operational and Strategic Highlights Subsequent to Quarter End

- [Completed an asset purchase of New Jersey Alternative Medicine LLC](#);
- With Premier Health Group, [moved to second phase of primary care physician tools](#) for medical cannabis evaluations
- Selected as the [exclusive research technology platform for the UK's largest medical cannabis pilot program](#) led by Drug Science; and
- Expansion of the Board of Directors with the addition of [former Johnson and Johnson Executive, Peter Cummins](#) as Director and Corporate Finance and Cannabis Industry Leader, Gerry Goldberg.

	Quarter ended June 30, 2019	Quarter ended March 31, 2019	Quarter ended December 31, 2018
Revenue	\$3,257,021	\$2,849,811	\$2,449,020
Cost of sales	\$1,129,270	\$655,688	\$747,496
Gross Profit	\$2,127,751	\$2,194,123	\$1,701,524
Gross Margin	65.3%	76.9%	69.5%
Adjusted EBITDA ¹	\$(790,818)	\$(712,582)	\$(1,811,463)
Net Income (Loss)	\$(1,865,895)	\$(2,161,546)	\$(2,539,776)
Basic and diluted net loss per share	\$(0.024)	\$(0.031)	\$(0.0452)

Earnings Conference Call

CB2 Insights' management team will hold a conference call to discuss our 2019 Q2 Earnings on August 28, 2019 at 4:30pm EDT (details below).

Date:	Wednesday, August 28, 2019
Time:	4:30 p.m. (EDT)
US/Canada Toll Free Dial In:	1-800-319-4610
Toronto Local Dial In:	1-416-915-3239
International Dial In:	1-604-638-5340
Call Name:	CB2 Insights Earnings Call

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

Non-GAAP Financial Measures

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

The Company uses these non-GAAP measures because they provide additional information on the performance of its commercial operations. Such tools are frequently used in the business world to

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

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

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

About CB2 Insights

CB2 Insights has a mission to mainstream medical cannabis into traditional healthcare. We are a research and technology company, offering a suite of data and technology solutions as a full service clinical CRO, specializing in Phase III and Phase IV, post-marketing, observational and experimental trials in a range of therapeutic areas for sponsors worldwide.

CB2 Insights helps industry stakeholders create a strong value story with Real World Evidence, generation of safety and efficacy data, operating in two segments: clinical solutions and data solutions.

For more information please visit www.cb2insights.com.

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Forward Looking Statements

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

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

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

NEWS RELEASE



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

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

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