
CB2 INSIGHTS INC.
(formerly 10557404 Canada Corp.)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of CB2 Insights Inc. (formerly 10557404 Canada Corp.) (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 and nine months ended September 30, 2019 have not been reviewed by the Company's auditors.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash (note 4)	\$ 402,935	\$ 433,833
Inventories	42,964	94,854
Trade and other receivables (note 9)	441,791	297,479
Receivable from related party	-	50,000
Prepaid expenses	57,623	31,364
Total current assets	945,313	907,530
Furniture and equipment (note 10)	219,819	238,173
Right-of-use assets (note 11)	1,156,399	-
Computer software and technology (note 12)	2,026,450	1,756,447
Other intangible assets (note 13)	5,824,465	3,907,917
Goodwill (note 13)	4,020,453	3,960,758
Deferred tax	119,187	122,778
Total assets	\$ 14,312,086	\$ 10,893,603
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,552,550	\$ 779,370
Income taxes payable	69,310	8,185
Convertible debentures (note 14)	-	982,490
Lease liabilities (note 16)	693,367	-
Purchase consideration payable (notes 6, 7 and 8)	1,191,174	-
Total current liabilities	3,506,401	1,770,045
Promissory note payable (note 15)	4,061,880	3,274,080
Lease liabilities (note 16)	615,916	-
Total liabilities	8,184,197	5,044,125
Shareholders' equity		
Share capital (note 17)	11,807,459	7,794,137
Warrant reserve (note 17)	3,577,233	2,685,560
Option reserve (note 17)	780,939	301,623
Shares and units to be issued	442,927	75,499
Equity component of convertible debentures (note 14)	-	82,428
Accumulated other comprehensive income	395,342	457,990
Accumulated deficit	(10,876,011)	(5,547,759)
Total shareholders' equity	6,127,889	5,849,478
Total liabilities and shareholders' equity	\$ 14,312,086	\$ 10,893,603

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

Nature of operations and going concern (note 1)

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Condensed Interim Consolidated Statements of (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenue	\$ 4,193,138	\$ 2,875,246	\$ 10,299,970	\$ 8,318,991
Cost of sales	1,264,296	775,736	3,049,254	2,114,235
Gross profit	\$ 2,928,842	\$ 2,099,510	7,250,716	6,204,756
Operating expenses				
Salaries and wages	1,726,296	1,479,369	4,622,518	2,963,713
Office and administration	606,320	588,010	1,443,730	1,475,628
Marketing and business development	137,191	241,244	949,614	545,935
Professional fees	505,401	311,182	1,598,334	525,875
Rent	94,647	201,143	201,726	555,400
Share-based compensation	82,744	248,822	349,391	361,609
Depreciation and amortization	513,493	246,996	1,487,445	690,868
Total operating expenses	3,666,092	3,316,766	10,652,758	7,119,028
Loss from operations	(737,250)	(1,217,256)	(3,402,042)	(914,272)
Finance expenses				
Foreign exchange loss/(gain)	165,246	(45,066)	163,784	100,185
Reverse takeover transaction cost (note 5)	-	-	807,995	-
Penalty on convertible debentures (note 17(b))	-	-	95,900	-
Interest on long-term debt	128,041	-	369,131	-
Accretion (notes 14 and 15)	-	89,099	77,553	265,763
Accretion on lease liabilities (note 16)	37,460	-	117,239	-
Net loss before income taxes	(1,067,997)	(1,261,289)	(5,033,644)	(1,280,220)
Income tax (recovery) expense	-	(22,992)	61,795	175,114
Net loss	(1,067,997)	(1,238,297)	(5,095,439)	(1,455,334)
Other comprehensive income (loss)				
Exchange difference on translation of foreign operations, net of tax	211,570	(121,599)	(62,648)	270,776
Net loss and comprehensive loss	\$ (856,427)	\$ (1,359,896)	\$ (5,158,087)	\$ (1,184,558)
Basic and diluted net loss per common share	\$ (0.013)	\$ (0.022)	\$ (0.067)	\$ (0.027)
Weighted average number of common shares outstanding - basic and diluted	79,850,283	57,030,232	75,875,043	54,138,439

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

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

Nine Months Ended September 30,	2019	2018
Operating activities		
Net loss for the period	\$ (5,095,439)	\$ (1,455,334)
Adjustments for:		
Depreciation and amortization	1,487,445	690,868
Unrealized foreign exchange loss	161,046	-
Accretion on convertible debentures	77,553	265,763
Accretion on lease liabilities	117,239	-
Penalty on convertible debentures	95,900	-
Reverse takeover transaction cost	807,995	-
Share-based compensation	349,391	361,609
Interest on long term debt	369,131	-
Changes in non-cash working capital items:		
Inventories	49,297	(76,984)
Trade and other receivables (note 9)	(145,796)	(155,243)
Prepaid expenses	(26,319)	-
Accounts payable and accrued liabilities	720,997	(15,030)
Income taxes	61,591	176,292
Net cash used in operating activities	(969,969)	(208,059)
Investing activities		
Purchase of furniture and equipment	(70,814)	(193,915)
Development of computer software	(950,000)	(924,798)
Purchase consideration paid	(722,283)	-
Net cash used in investing activities	(1,743,097)	(1,118,713)
Financing activities		
Shares and warrants issued for cash	2,474,374	3,456,659
Payment of lease liabilities	(602,470)	-
Shares and warrants to be issued	-	24,999
Proceeds from issuance of promissory note	787,800	-
Repayment of promissory note	-	(131,620)
Net cash provided by financing activities	2,659,704	3,350,038
Net increase in cash during the period	(53,362)	2,023,266
Effect of foreign currency on cash	22,464	(21,632)
Cash, beginning of period	433,833	1,014,482
Cash, end of period	\$ 402,935	\$ 3,016,116

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

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)
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
Balance, January 1, 2018	52,262,441	\$ 5,038,964	\$1,378,074	\$ 226,942	\$ -	\$ 82,428	\$ (223,115)	\$(1,521,912)	\$ 4,981,381
Private placement (note 17 (b))	8,146,548	2,382,108	1,189,569	-	-	-	-	-	3,571,677
Share issuance costs - cash	-	(93,920)	(46,938)	-	-	-	-	-	(140,858)
Share issuance costs - warrants	-	(32,126)	32,126	-	-	-	-	-	-
Units to be issued	-	-	-	-	24,999	-	-	-	24,999
Share-based compensation	-	-	-	361,609	-	-	-	-	361,609
Exercise of stock options	2,702,273	25,840	-	-	-	-	-	-	25,840
Shares to be issued on acquisition of software	-	-	-	-	262,500	-	-	-	262,500
Foreign currency translation	-	-	-	-	-	-	270,776	-	270,776
Net loss for the period	-	-	-	-	-	-	-	(1,455,334)	(1,455,334)
Balance, September 30, 2018	63,111,262	\$ 7,320,866	\$2,552,831	\$ 588,551	\$ 287,499	\$ 82,428	\$ 47,661	\$(2,977,246)	\$ 7,902,590

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Continued)

(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
Balance, December 31, 2018	63,373,816	\$ 7,794,137	\$ 2,685,560	\$ 301,623	\$ 75,499	\$ 82,428	\$ 457,990	\$(5,547,759)	\$ 5,849,478
Adjustment to opening deficit upon adoption of IFRS 16 (note 3)	-	-	-	-	-	-	-	(232,813)	(232,813)
Balance, January 1, 2019	63,373,816	7,794,137	2,685,560	301,623	75,499	82,428	457,990	(5,780,572)	5,616,665
Private placement (note 17 (b))	5,133,338	1,711,384	855,285	-	(75,499)	-	-	-	2,491,170
Share issuance costs - warrants	-	(25,799)	25,799	-	-	-	-	-	-
Share issuance costs - cash (note 17(b))	-	(21,726)	(8,146)	-	-	-	-	-	(29,872)
Shares issued in settlement of convertible debt (note 17 (b))	7,594,547	1,238,370	-	-	-	(82,428)	-	-	1,155,942
Shares issued and to be issued on acquisition (notes 6,7 and 8)	950,000	294,500	-	-	314,886	-	-	-	609,386
Rights issue (note 17 (b))	7,281	3,276	-	-	-	-	-	-	3,276
Shares issued and to be issued in settlement of accrued interest (notes 15 and 17 (b))	1,219,520	241,090	-	-	128,041	-	-	-	369,131
Exercise of stock options	355,560	67,954	-	(58,154)	-	-	-	-	9,800
Shares issued on reverse takeover (note 5)	1,363,636	504,273	18,735	188,079	-	-	-	-	711,087
Share-based compensation (note 17 (b))	-	-	-	349,391	-	-	-	-	349,391
Foreign currency translation	-	-	-	-	-	-	(62,648)	-	(62,648)
Net loss for the period	-	-	-	-	-	-	-	(5,095,439)	(5,095,439)
Balance, September 30, 2019	79,997,698	\$11,807,459	\$ 3,577,233	\$ 780,939	\$ 442,927	\$ -	\$ 395,342	\$(10,876,011)	\$ 6,127,889

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

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Nature of operations

CB2 Insights Inc. (formerly 10557404 Canada Corp.) (the "Company" or "CB2") was incorporated on December 27, 2017 under the Canada Business Corporations Act. The Company completed a reverse takeover ("RTO") on February 27, 2019 (the "Closing Date") with MVC Technologies Inc. ("MVC") (See note 5). CB2 is a secure cloud-based cannabis healthcare technology platform that connects patients, physicians, and regulated suppliers for the purposes of assessment, qualification, registration, and access to medication. The head office is located at 5045 Orbitor Drive, Building 11, Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

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 \$10,876,011 and negative cash flow from operations. The Company has working capital deficit as of the balance sheet date of \$2,561,088. The Company has raised debt and equity financing through 2017 and 2018 and during the nine months ended September 30, 2019 in order to fund platform development and activities resulting in growth in its customer base. The Company expects that the investments it has made in 2017 and 2018 and during the nine months ended September 30, 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 consolidated statement of financial position. Such differences in amounts could be material.

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, 2018.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of presentation (continued)

Statement of compliance (continued)

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, 2018 with the exception of those new accounting standards adopted effective January 1, 2019 as set out in note 3. 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 unaudited condensed interim consolidated financial statements for the three and nine months period ended September 30, 2019, were authorized by the Board of Directors for issue on November 7, 2019.

3. Changes in accounting standards

Recently adopted accounting standards

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company has adopted the standard using the modified retrospective approach. Under this approach, the Company has not restated comparative 2018 information. 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.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Changes in accounting standards (continued)

Recently adopted accounting standards (continued)

(a) Leases and right-of-use assets (continued)

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.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Changes in accounting standards (continued)

Recently adopted accounting standards (continued)

(a) Leases and right-of-use assets (continued)

Use of estimates and judgments (continued)

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

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

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

See note 16.

(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.

(c) Consolidation and subsidiaries

The subsidiaries are consolidated from the date on which control is transferred to the Company and will cease to be consolidated from the date on which control is transferred out of the Company. The Company also assesses existence of control where it does not have more than 50% of voting power but is able to control the investee by virtue of de facto control. During the three and nine months ended September 30, 2019, the Company acquired assets under a subsidiary company over which the Company had de facto control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historical patterns in voting attendance.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Cash

Cash includes funds held in trust with the Company's legal counsel amounting to \$nil (December 31, 2018 - \$80,896), not yet transferred to the Company's bank account.

5. Share exchange agreement and reverse takeover

On August 28, 2018, MVC entered into a letter of intent (the "LOI") with 10557404 Canada Corp. (now known as CB2 Insights Inc.) ("CB2" or the "Company"). The LOI outlined a proposal to enter a Share Exchange Agreement and effect an amalgamation between MVC and a subsidiary of CB2 and a listing of CB2's shares on the Canadian Securities Exchange.

On the Closing Date, MVC and CB2 executed the Share Exchange Agreement and the MVC's shareholders became shareholders of CB2 resulting in a reverse takeover of CB2 by MVC. On March 6, 2019, CB2 commenced trading on the Canadian Securities Exchange (CSE), under the symbol "CBII" and on May 17, 2019, the Company commenced trading on the OTCQB, under the symbol 'CBIIIF'.

The terms of the RTO were as follows: CB2 consolidated its issued and outstanding common shares on the basis of one (1) new common share for each 16.5 issued and outstanding CB2 common shares (the "Consolidation"); and CB2 issued one (1) (post-Consolidation) share for each one (1) common share of MVC issued and outstanding on the Closing Date. In conjunction with the RTO, 10557404 Canada Corp. changed its name to CB2 Insights Inc.

The pre-Consolidation share capital of each entity prior to the RTO, is outlined below:

CB2

	Number of common shares	Amount
Balance, February 27, 2019	1,363,494	\$ 102,251

MVC

	Number of common shares	Amount
Balance, February 27, 2019	68,507,154	\$ 9,464,138

For accounting purposes, this RTO is considered to be an asset acquisition and has been treated as a capital transaction under IFRS 2 where MVC has been treated as the accounting parent company (legal subsidiary) and CB2 has been treated as the accounting subsidiary (legal parent).

As a result of CB2 not meeting the definition of a business under IFRS 3, a transaction cost of \$807,995 has been recorded as listing expense. This reflects the excess of the purchase price over the fair value of the assets and liabilities acquired. Consideration included the shares held by the shareholders of CB2, being 1,363,636 shares, 151,515 CB2 outstanding warrants and 666,060 CB2 outstanding stock options. The fair value of the 151,515 warrants was estimated using the Black-Scholes option pricing model at \$0.10 per warrant, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.33%; risk-free interest rate of 1.78%; expected dividend yield of 0%; and expected life of 1.5 years. The fair value of the 666,060 stock options was estimated using the Black-Scholes option pricing model at \$0.25 to \$0.31 per option, based on the following assumptions: underlying share price of \$0.37 per share, expected annualized volatility of 144.33%; risk-free interest rate of 1.78%; expected dividend yield of 0%; and expected life of 2.35 to 2.58 years.

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. Share exchange agreement and reverse takeover (continued)

Consideration - shares: 1,363,636 shares at \$0.37	\$ 504,273
Consideration - warrants: 151,515 warrants	18,735
Consideration - stock options: 666,060 stock options	188,079
Total consideration	\$ 711,087

Identifiable assets acquired

Cash	\$ 43,488
Sales tax receivable and prepaid expenses	13,859
Accounts payable and accrued liabilities	(4,261)
Payables to related party	(149,994)
Net liabilities acquired	(96,908)
Listing expense	\$ 807,995

6. Acquisition of MedEval Clinic LLC

On April 9, 2019 (closing date), the Company acquired identified assets of MedEval Clinic LLC, a medical cannabis evaluation and education center group with multiple locations in Colorado and Arizona, for US\$150,000 cash and the issuance of 450,000 common shares and contingent consideration payable in shares upon completion of the milestones of the numbers of patients certified. The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Fair values determined on the date of acquisition are provisional and may be subsequently adjusted, with a corresponding adjustment to goodwill prior to April 9, 2020 (one year after the transaction).

Consideration - shares: 450,000 shares at \$0.31	\$ 139,500
Consideration - cash	200,355
Consideration - contingent consideration (i)	18,000
Total consideration paid	\$ 357,855

Identifiable assets acquired

Customer relationships	26,714
Brand	289,847
Total identifiable assets acquired	316,561
Total goodwill	41,294
	\$ 357,855

CB2 INSIGHTS INC. (formerly 10557404 Canada Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

6. Acquisition of MedEval Clinic LLC (continued)

(i) As per the terms of the agreement, contingent consideration of up to US\$240,000 was payable in shares valued at the greater of US\$0.50/share and the 30-day volume weighted average price at the date of issuance, upon completion of four milestones ranging from 2,500 to 10,000 patients certified over 12 months from Closing Date. The shares were subject to a minimum hold period of four months plus one day from the date of issuance.

However, subsequent to the period end, a revised agreement has been negotiated whereby a consideration of US\$50,000 is payable in shares valued at the greater of US\$0.50/share and the 30-day volume weighted average price at the date of issuance. The shares will be subject to a minimum hold period of four months plus one day from the date of issuance. The fair values determined on the acquisition date have been adjusted accordingly.

7. Acquisition of ROSH

On April 4, 2019 (closing date), the Company acquired identified assets of Colorado-based medical cannabis clinic group Rae of Sunshine Health Services ("ROSH") LLC, operating as "Relaxed Clarity" for a cash payment of US\$200,000 and issuance of 500,000 common shares and contingent consideration payable in cash and shares upon completion of the milestones of the numbers of patients certified. The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Fair values determined on the date of acquisition are provisional and may be subsequently adjusted, with a corresponding adjustment to goodwill prior to April 4, 2020 (one year after the transaction).

Consideration - shares: 500,000 shares at \$0.31	\$	155,000
Consideration - cash		267,140
Consideration - contingent consideration (i)		534,280
Total consideration	\$	956,420

Identifiable assets acquired

Customer relationships	360,639
Brand	483,523
Total identifiable assets acquired	844,162
Total goodwill	112,258
	\$ 956,420

(i) Contingent consideration of US\$100,000 is payable in cash and up to US\$300,000 is payable in shares valued at 30-day volume weighted average price at the date of issuance, upon completion of five milestones ranging from 3,000 to 15,000 patients certified within 6 to 12 months from Closing Date. The shares will be subject to a minimum hold period of four months plus one day from the date of issuance. Subsequently, the first and second milestones were achieved and \$132,640 (US\$ 100,000) was paid for the achievement of first milestone and common shares of the Company amounting to \$132,430 (US\$100,000) are to be issued for the achievement of second milestone.

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8. Acquisition of NJAM

On July 1, 2019, the Company acquired identified assets of New Jersey Alternative Medicine LLC ("NJAM"), a medical cannabis evaluation and education center group with multiple locations in New Jersey under an earn-out arrangement with no cash or other consideration payable on closing date. 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 Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Fair values determined on the date of acquisition are provisional and may be subsequently adjusted, with a corresponding adjustment to goodwill prior to July 1, 2020 (one year after the transaction).

Contingent consideration - cash (i)	\$	603,632
Contingent consideration - shares (i)(ii)		603,632
Total consideration paid	\$	1,207,264

Identifiable assets acquired

Customer relationships		616,358
Brand		567,836
Total identifiable assets acquired		1,184,194
Total goodwill		23,070
	\$	1,207,264

(i) Contingent consideration in cash comprises an amount of \$182,456 which is earned during the three months ended September 30, 2019 and \$421,176 which is contingent upon future performance. An earned amount of \$122,148 has been paid during the period and \$481,484 is recognised as purchase consideration payable.

(ii) Contingent consideration in shares comprises an amount of \$182,456 which is earned during the three months ended September 30, 2019 and recognised in equity as shares to be issued and \$421,176 which is contingent upon future performance and is recognised as purchase consideration payable due to variable number of shares to be issued.

9. Trade and other receivables

	September 30, 2019	December 31, 2018
Trade receivables	\$ 69,588	\$ 8,851
Harmonized sales tax recoverable	112,587	199,046
Security deposits	109,610	89,582
Other receivables	150,006	-
	\$ 441,791	\$ 297,479

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10. Furniture and equipment

	Furniture	Vehicles	Computer Hardware	Leaseholds	Equipment	Total
Cost						
Balance, January 1, 2019	\$ 86,799	\$ 23,794	\$ 81,627	\$ 70,312	\$ 47,549	\$ 310,081
Additions	33,243	-	37,305	266	-	70,814
Net exchange differences	(1,377)	(696)	(2,476)	(2,057)	-	(6,606)
Balance, September 30, 2019	\$ 118,665	\$ 23,098	\$ 116,456	\$ 68,521	\$ 47,549	\$ 374,289
Amortization						
Balance, January 1, 2019	\$ 20,942	\$ 6,479	\$ 14,625	\$ 14,578	\$ 15,284	\$ 71,908
Amortization	24,827	5,796	24,409	17,185	11,886	84,103
Net exchange differences	(329)	(208)	(510)	(494)	-	(1,541)
Balance, September 30, 2019	\$ 45,440	\$ 12,067	\$ 38,524	\$ 31,269	\$ 27,170	\$ 154,470
Net book value						
Balance, January 1, 2019	\$ 65,857	\$ 17,315	\$ 67,002	\$ 55,734	\$ 32,265	\$ 238,173
Balance, September 31, 2019	\$ 73,225	\$ 11,031	\$ 77,932	\$ 37,252	\$ 20,379	\$ 219,819

11. Right-of-use assets

	September 30, 2019
Office leases	
Beginning balance	\$ 1,450,892
Additions - net	145,649
Depreciation	(406,929)
Impact of foreign exchange	(33,213)
Ending balance	\$ 1,156,399

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12. Computer software and technology**Cost**

Balance, January 1, 2019	\$ 2,493,431
Additions	950,000
Net exchange differences	(540)
Balance, September 30, 2019	\$ 3,442,891

Amortization

Balance, January 1, 2019	\$ 736,984
Amortization	679,608
Net exchange differences	(151)
Balance, September 30, 2019	\$ 1,416,441

Net book value

Balance, January 1, 2019	\$ 1,756,447
Balance, September 30, 2019	\$ 2,026,450

13. Goodwill and other intangible assets

	Goodwill	Customer relationships	Brand	Total other intangibles
Cost				
Balance, January 1, 2019	\$ 3,960,758	\$ 1,896,238	\$ 2,402,356	\$ 4,298,594
Addition	176,622	1,003,711	1,341,206	2,344,917
Net exchange differences	(116,927)	(52,704)	(71,278)	(123,982)
Balance, September 30, 2019	\$ 4,020,453	\$ 2,847,245	\$ 3,672,284	\$ 6,519,529
Amortization				
Balance, January 1, 2019		\$ 390,677	\$ -	\$ 390,677
Amortization		316,805	-	316,805
Net exchange differences	-	(12,418)	-	(12,418)
Balance, September 30, 2019	\$ -	\$ 695,064	\$ -	\$ 695,064
Net book value				
Balance, January 1, 2019	\$ 3,960,758	\$ 1,505,561	\$ 2,402,356	\$ 3,907,917
Balance, September 30, 2019	\$ 4,020,453	\$ 2,152,181	\$ 3,672,284	\$ 5,824,465

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14. Convertible debentures

In May and September 2017, the Company issued 7,333,333 (post reverse split) 5% convertible debentures for \$1,109,000. Each convertible debenture is convertible into a "Unit" comprising one Class A common share of the Company at \$0.15 per share, and one warrant which entitles the holder to acquire one half Class A common share of the Company at \$0.20 per warrant. The convertible debentures will automatically convert into Units on completion of a liquidity event. In the event that a liquidity event does not occur, the debentures are due on May 30, 2019. The Company received \$1,037,310, net of \$71,690 arrangement fees, as proceeds from the issuance.

The liability component of the convertible debentures was valued at \$999,050 by discounting the maturity date interest and principal payments to grant date present value using a discount rate of 10% which is the estimated market rate at which the Company can obtain new financing. The effective interest rate on the convertible debentures is 13.44%.

On October 25, 2018, the Company paid \$440,506 to repurchase an aggregate principal amount of \$150,000 of 5% convertible senior secured debentures. The carrying value of the debentures on the repurchase date was \$149,357 and the Company recorded a loss on repurchase amounting to \$291,149. Since the transaction was with debenture holders that were also shareholders, the loss on repurchase has been recorded as a charge to the deficit.

Accretion expenses amounting to \$nil and \$77,326, respectively, were recorded on the convertible debentures during the period (three and nine months ended September 30, 2018 - \$89,099 and \$265,763, respectively).

See note 17 regarding the conversion of the debentures during the nine months ended September 30, 2019.

15. Promissory note

On December 19, 2017, the Company entered into an acquisition transaction with Canna Care Docs as detailed in the 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 US\$2,336,449 (\$3,017,057) on the closing date using an effective interest rate of 7%. Accretion expense amounting to \$108,459 (2017 - \$nil) was recorded on this promissory note during the period ended June 30, 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. Interest expense amounting to \$128,558 and \$241,090, respectively (2018 - \$nil) was recorded on this promissory note during the three and six months ended June 30, 2019.

On June 24, 2019, the Company signed an amendment agreement with Merida whereby the US\$2,400,000 Merida Note advanced was superseded by a promissory note with a principal amount of US\$3,000,000 (Merida Note II). Merida Note II bears interest at 12% per annum and is due on December 24, 2020. The Merida Note II contains the option to convert the Note to a convertible debenture that would permit the conversion of the underlying liability to common shares. The Merida Note II was measured at fair value on issuance and the Company has elected to carry the note at FVTPL.

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15. Promissory note (continued)

As per the agreement of Merida Note II, during the three and nine months ended September 30, 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 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 and nine months ended September 30, 2019, interest expense amounting to \$128,041 was recorded on this Note which shall be settled by the issuance of common shares of the Company subsequent to the period end.

16. Lease liabilities

	September 30, 2019
Beginning balance	\$ 1,683,705
Additions- net	145,649
Interest expense accretion	117,239
Lease payments	(602,470)
Impact of foreign exchange	(34,840)
Ending balance	\$ 1,309,283
Allocated as:	
Current (no later than 1 year)	\$ 693,367
Long-term (later than 1 year but no later than 5 years)	615,916
	\$ 1,309,283

17. Share capital

a) Authorized share capital

Unlimited number of voting common shares without par value

b) Common shares issued

	Number of common shares	Amount
Balance, January 1, 2018	52,262,441	\$ 5,038,964
<i>Private placements</i> , January 3, 2018 (i)(ii)(iii)	8,146,548	2,382,108
Share issuance costs	-	(93,920)
Share issuance costs - warrants	-	(32,126)
Exercise of stock options	2,702,273	25,840
Balance, September 30, 2018	63,111,262	\$ 7,320,866

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17. Share capital (continued)

b) Common shares issued (continued)

	Number of common shares	Amount
Balance, December 31, 2018	63,373,816	\$ 7,794,137
Private placements (i)(ii)	5,133,338	1,711,384
Shares issued for business acquisitions (notes 6, 7 and 8)	950,000	294,500
Share issuance costs - warrants	-	(25,799)
Share issuance costs - cash	-	(21,726)
Shares issued in settlement of convertible debt (vi)	7,594,547	1,238,370
Shares issued in settlement of accrued interest (viii)	1,219,520	241,090
Exercise of stock options (iv)(v)	355,560	67,954
Shares issued on acquisition of Reverse Takeover (note 5)	1,363,636	504,273
Rights issue (vii)	7,281	3,276
Balance, September 30, 2019	79,997,698	\$ 11,807,459

Private placements

2018

(i) On January 3, 2018, the Company completed a private placement for gross proceeds of \$175,000 through issuance of 426,829 units with each unit containing one common share and one half common share purchase warrant with an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the 213,415 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at \$0.18 per warrant, based on the following assumptions: underlying share price of \$0.32 per share, expected annualized volatility of 127.58%; risk-free interest rate of 1.79%; expected dividend yield of 0%; and expected life of 2 years. In relation to the January 3, 2018 private placement, the Company issued 170,000 broker warrants to obtain one common share of the Company at an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the broker warrants was estimated using the Black-Scholes option pricing model at \$0.18 per warrant, based on the following assumptions: underlying share price of \$0.32 per share; expected annualized volatility of 130.43%; risk-free interest rate of 1.66%; expected dividend yield of 0%; and expected life of 2 years.

(ii) During July 2018, the Company completed a private placement for gross proceeds of \$1,738,704 through issuance of 3,951,600 units with each unit containing one common share and one half common share purchase warrant with an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the 2,052,750 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at \$0.21 per warrant, based on the following assumptions: underlying share price of \$0.33 per share, expected annualized volatility of 144.33%; risk-free interest rate of 2.04%; expected dividend yield of 0%; and expected life of 2 years.

(iii) During September 2018, the Company completed a private placement for gross proceeds of \$1,657,973 through issuance of 3,768,119 units with each unit containing one common share and one half common share purchase warrant with an exercise price of \$0.50 per common share for a period of twenty four (24) months from the date of issuance. The fair value of the 1,888,604 warrants contained in the units issued on this date was estimated using the Black-Scholes option pricing model at \$0.21 per warrant, based on the following assumptions: underlying share price of \$0.33 per share, expected annualized volatility of 144.33%; risk-free interest rate of 2.04%; expected dividend yield of 0%; and expected life of 2 years.

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17. Share capital (continued)

b) Common shares issued (continued)

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 Unit 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.

(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 the 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.

(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% penalty multiplier as the Company was unable to complete the going public transaction by the Conversion Date as stipulated in the debenture agreement.

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

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

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17. Share capital (continued)

b) Common shares issued (continued)

Warrants

A summary of the warrant activity for the periods ended September 30, 2018 and September 30, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	5,379,897	0.50
Granted	4,243,275	0.50
Balance, September 30, 2018	9,623,172	0.50
Balance, January 1, 2019	13,547,180	0.42
Granted upon RTO of CB2	151,515	1.65
Granted	2,592,710	0.80
Balance, September 30, 2019	16,291,405	0.49

At September 30, 2019, a summary of warrants outstanding and exercisable is as follows:

Outstanding warrants

Range of exercise prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
< \$0.20	3,699,450	\$ 0.20	1.08
\$0.41 - \$0.50	9,847,730	0.49	0.52
\$0.8	2,592,710	0.80	2.37
\$1.65	151,515	1.65	0.92
	16,291,405	\$ 0.49	1.26

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17. Share capital (continued)

b) Common shares issued (continued)

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 period ended September 30, 2018 and September 30, 2019 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	3,168,240	0.02
Granted	2,977,558	0.33
Exercised	(2,702,273)	0.01
Balance, September 30, 2018	3,443,525	0.29
Balance, December 31, 2018	5,925,868	0.36
Granted upon RTO of CB2	666,060	0.39
Granted	485,000	0.47
Exercised	(355,560)	0.05
Balance, September 30, 2019	6,721,368	0.44

At September 30, 2019, a summary of stock options outstanding and exercisable is as follows:

Range of exercise prices	Number outstanding	Weighted average Exercise Price	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
\$0.15	1,123,332	\$0.15	3.52	90,000	\$0.15
\$0.17	363,030	\$0.17	1.76	363,030	\$0.17
\$0.41 - \$0.44	4,446,976	\$0.43	6.78	451,285	\$0.41
\$0.44 - \$0.50	485,000	\$0.48	2.42	230,000	\$0.50
\$0.66	303,030	\$0.66	1.99	-	\$0.66
	6,721,368	\$0.38	5.43	1,134,315	\$0.32

The fair value of the 11,396 stock options issued during the nine months ended September 30, 2019 totaled \$2,480. The fair value of the options was calculated using the Black-Scholes model using a risk-free interest rate of 2.04%, volatility of 144.32%, expected life of 1.89 years, and 0% dividend yield.

The fair value of the 485,000 stock options issued during the nine months ended September 30, 2019 totaled \$108,517. The fair value of the options was calculated using the Black-Scholes model using a risk-free interest rate of 1.57% - 1.85%, volatility of 144.32%, expected life of 1 to 5 years, and 0% dividend yield.

During the nine months ended September 30, 2019 \$349,391 has been recognized as an expense for the options vested during the period.

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18. 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.

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Salary and short-term employee benefits	\$ 102,046	\$ 107,639	\$ 323,146	\$ 362,039
Share based compensation	-	199,448	67,553	312,236
	\$ 102,046	\$ 307,087	\$ 390,699	\$ 674,275

19. Segmented information

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, 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:

Three months ended September 30, 2019	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 4,148,568	\$ 44,570	\$ 4,193,138
Cost of sales	1,264,296	-	1,264,296
Gross profit	2,884,272	44,570	2,928,842
Total operating expenses	2,448,543	1,217,549	3,666,092
Income (loss) from operations	435,729	(1,172,979)	(737,250)
Foreign exchange (gain)/ loss	-	165,246	165,246
Interest on long-term debt	-	128,041	128,041
Accretion on lease liabilities	32,784	4,676	37,460
Net income (loss)	\$ 402,945	\$ (1,470,942)	\$ (1,067,997)

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19. Segmented information (continued)

Nine months ended September 30, 2019	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 10,244,930	\$ 55,040	\$ 10,299,970
Cost of sales	3,049,254	-	3,049,254
Gross profit	7,195,676	55,040	7,250,716
Total operating expenses	6,499,788	4,152,970	10,652,758
Income (loss) from operations	695,888	(4,097,930)	(3,402,042)
Foreign exchange loss	-	163,784	163,784
Reverse takeover transaction cost	-	807,995	807,995
Penalty on convertible debentures	-	95,900	95,900
Interest on long-term debt	-	369,131	369,131
Accretion	-	77,553	77,553
Accretion on lease liabilities	101,235	16,004	117,239
Net loss before income tax	594,653	(5,628,297)	(5,033,644)
Income tax expense	61,795	-	61,795
Net income (loss)	\$ 532,858	\$ (5,628,297)	\$ (5,095,439)

As at September 30, 2019	USA (Clinic)	Canada (Software)	Total
Non-current assets	\$ 12,163,439	\$ 1,203,334	\$ 13,366,773
Total assets	\$ 11,869,101	\$ 2,442,985	\$ 14,312,086
Total liabilities	\$ 1,902,688	\$ 6,281,509	\$ 8,184,197

Three months ended September 30, 2018	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 2,862,226	\$ 13,020	\$ 2,875,246
Cost of sales	775,736	-	775,736
Gross profit	2,086,490	13,020	2,099,510
Total operating expenses	1,884,155	1,432,611	3,316,766
Income (loss) from operations	202,335	(1,419,591)	(1,217,256)
Foreign exchange (gain)	-	(45,066)	(45,066)
Accretion on convertible notes	-	89,099	89,099
Net income (loss) before income taxes	202,335	(1,463,624)	(1,261,289)
Income taxes expense	(22,992)	-	(22,992)
Net income (loss)	\$ 225,327	\$ (1,463,624)	\$ (1,238,297)

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19. Segmented information (continued)

Nine months ended September 30, 2018	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 8,297,120	\$ 21,871	\$ 8,318,991
Cost of sales	2,114,235	-	2,114,235
Gross profit	6,182,885	21,871	6,204,756
Total operating expenses	4,614,291	2,504,737	7,119,028
Income (loss) from operations	1,568,594	(2,482,866)	(914,272)
Foreign exchange loss	-	100,185	100,185
Accretion on convertible notes	-	265,763	265,763
Net income (loss) before income taxes	1,568,594	(2,848,814)	(1,280,220)
Income taxes expense	175,114	-	175,114
Net income (loss)	\$ 1,393,480	\$ (2,848,814)	\$ (1,455,334)

As at December 31, 2018	USA (Clinic)	Canada (Software)	Total
Non-current assets	\$ 9,132,781	\$ 853,292	\$ 9,986,073
Total assets	\$ 8,530,452	\$ 2,363,151	\$ 10,893,603
Total liabilities	\$ 168,244	\$ 4,875,881	\$ 5,044,125