MVC TECHNOLOGIES INC.
Management Discussion and Analysis
Year Ending December 31, 2018 and 2017
Dated: April 29, 2019
(Expressed in Canadian dollars)

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of MVC Technologies Inc. (the "**Company**", "**MVC**", "**we**", "**us**", "**our**") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the fiscal years ended December 31, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at April 29, 2019, unless otherwise indicated.

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

(i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of MVC's common shares;
(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or
(iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

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

Forward-looking statements

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

The MD&A includes forward looking information with respect to our Sail and TokeIn brands and their ability to capitalize on substantial opportunities in the future. It also includes statements with respect to the Company's plans to grow the brands organically and expand beyond North America, focusing on Australia, Colombia and emerging cannabis counties within Europe.

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

- assumptions about the ability of the Company to raise necessary capital for its existing operations and expansion plans,
- the ability of the Company to retain key management personnel,
- assumptions about licensing price and the number of users the Company can attract towards it's Sail and TokeIn brands, and
- the Company's ability to capitalize on synergies and adopt reasonable cost saving measures within the Canna Care Docs brand.

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

(i) dependence on third parties,
(ii) changes in government regulation,
(iii) the effects of competition,
(iv) impact of American and Canadian economic conditions, and
(v) fluctuations in currency exchange rates and interest rates.

Canadian Companies with U.S. Marijuana-Related Assets

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

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

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

<u>Compliance with Applicable State Laws in the US</u>

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

Description of Business

MVC Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) on November 3, 2014. The registered address and head office of the Company is located at 5045 Orbitor Drive Building 11 Suite 300, Mississauga, Ontario, Canada, L4W 4Y4.

The principal business carried on by the Company since incorporation is the development of a vertically-integrated healthcare technology and services company focused on advancing efficacy research surrounding cannabinoid therapy through real-world evidence (RWE) generated from the company's sub-brands. Recognizing a gap in the healthcare market to support the integration of cannabis into the practices of clinicians and thereby the access of treatment options for patients initially drove the Company to develop the tools and services that healthcare practitioners sought out in traditional medicine.

Through market research, the Company found that while the cannabis industry was growing within Canada and throughout the US, the volume of patients being prescribed medical cannabis was significantly lower than those that were seeking treatment. After further research, the Company recognized that the number of clinicians willing to prescribe cannabis was quite low based on minimal clinical efficacy or outcome evidence provided through clinical trials and a lack of traditional healthcare protocols available. Having worked almost exclusively in the healthcare sector, co-founders Pradyum Sekar and Kashaf Qureshi set out to create digital tools that would enable the Cannabis and Life Sciences industry to have RWE available to them to make more informed decisions on advancing the therapeutical benefits of medicinal cannabis. Pradyum Sekar currently serves as the Chief Executive Officer of the Company, and Kashaf Qureshi currently serves as President and Chief Operating Officer of the Company.

The Company, under the brand CB2 Insights, operates several sub-brands which focus on three main pillars, which together create an end-to-end view of a patient's cannabinoid therapy journey to better understand the safety, efficacy, risks and benefits associated with cannabis derived treatment.

Pillar 1 – Clinical Operations

On December 19, 2017, the Company acquired the assets of Massachusetts-based MedEval Corp. (operating as Canna Care Docs) and began operating a network of medical centers specializing in evaluating, educating and treating patients with a variety of State approved indications using medicinal cannabis as part of their treatment plan in the US under the brand Canna Care Docs ("CCD"). Since acquisition, CCD has grown to operate 28 physical locations serving 12 US states and provides access to 65,000 patients per year who seek to qualify for state-based cannabis use conditions.

Subsequent to year-end, the Company made two further acquisitions of additional cannabis-focused evaluation and education centers in the US. On April 4, 2019, the Company acquired the assets of Rae of Sunshine Health Services LLC (operating as Relaxed Clarity) operating 4 clinics in Colorado. On April 10, 2019, the Company acquired the assets of a clinic group with a similar name as its first acquisition, MedEval Clinics LLC. This additional acquisition operates 3 clinics in total in Colorado and Arizona. Together, these two acquisitions added an additional 20,000 to the Company's annualized patient count.

Pillar 2 – Technology

The Company has designed, developed and acquired proprietary technology assets which allow for data collection throughout the patient lifecycle in order to capture real world data related to treatment efficacy and other key predictive determinants for health.

Sail is a proprietary electronic health record platform designed to standardize and optimize the workflows and management of the Company's wholly-owned clinical operations. The system incorporates a series of tools which allows practitioners and other clinical staff to schedule appointments, manage patient files, evaluate patients for cannabinoid therapy and where necessary, create necessary documents to submit to regulatory bodies on behalf of the patient. Unique to the Company, Sail has developed workflows based on protocols and guidelines from best practices to over 400 published clinical trial studies to ensure a standardized manner of patient care and treatment. Sail is designed to not only optimize the patient treatment protocol but to capture aggregate and anonymized data which allowed for uniform, controlled data input related to a variety of predictive determinants to patients' health including but not limited to social, health, medical, wellness and outcome determinants. These are later used to gain deeper insights into an individual patient's treatment success.

Clinical Decision Support (CDS) Tool is a standalone evaluation application that can be integrated into a larger electronic medical record (EMR) platform or used independently by clinicians outside of the Company's operations. This broadens the data sources that the Company has access to enlarge its data pool. The CDS tool brings to the point-of-care, insights and real world data to provide Clinicians with the evidence to make an informed decision for the use of medical cannabis in the patient's treatment plan.

TokeIn is a consumer engagement and loyalty application targeted at medical cannabis retail operations and was acquired by the Company on September 26, 2018. TokeIn is used by dispensaries or other retail operations offer customers with loyalty rewards and targeted deals. This technology application allows the Company to gain better insight into what medicine the patient is using, the outcome of the medication across a variety of standardized peer review measures and link back to a patient's medical profile for a deeper understanding of treatment efficacy. Rollout of this technology application is targeted within the markets that the Company's clinical operations exist.

Pillar 3 – Data Insights

The Company extracts data from its operations in order to both advance its internal systems and service external shareholders. Through a team of product managers, data scientists and an advisory council, the Company analyzes its real-world data to generate insights that feed back into its digital assets. External players such as government agencies, regulatory bodies, pharmaceutical companies, academia, insurance companies, licensed producers and other stakeholders are able to leverage the Company's insights to further their own informed decision making.

The Company generates its revenues through two primary sources as set out below:

- Clinical Operations – by charging an evaluation fee directly to patients for healthcare assessment, education and where applicable, necessary documentation to begin cannabinoid therapy.

- Technology – by licensing its technology assets to external users whether it be physicians, clinical organizations or dispensaries.

The Company believes that there is significant commercial value in its third pillar, Data Insights, and will look to monetize this asset in future quarters.

Highlights

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

On February 27, 2019, the Company and CB2 executed the Share Exchange Agreement and the Company's shareholders became shareholders of CB2 resulting in a reverse takeover of CB2 by the Company. On March 6, 2019, CB2 commenced trading on the Canadian Securities Exchange (CSE), under the symbol "CBII".

The following are key Operational Highlights of the Company from 2017 to 2018:

- On December 19, 2017, the Company closed an Asset Purchase Agreement with MedEval Corp ("Canna Care"), acquiring the operating assets of Canna Care's business.

  Under the terms of the agreement, the Company would acquire specified identifiable tangible and intangible assets. Canna Care is a cannabis clinic evaluation business with evaluation centres across several US states with legalized medical cannabis programs. Canna Care qualifies patients into medical marijuana programs through independent medical evaluations, functional capacity evaluations, medical record reviews and occupational health services.

  For accounting purposes, the acquisition was treated as a business combination under IFRS 3 – *Business Combinations* and was accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with the Canna Care workforce and is expected to be fully deductible for tax purposes. Operating results were included in these Financial Statements from the date of the acquisition.

  Pursuant to the transaction, the Company made an immediate cash payment of US$2,500,000 ($3,228,250), issued a promissory note with a present value of US$2,336,449 ($3,017,056) payable by December 19, 2018, (the promissory note was repaid) and issued 4,878,048 shares in the Company valued at $1,572,683.

(Expressed in Canadian dollars)

- On September 11, 2018, the Company closed an Asset Purchase Agreement with 1035855 Canada Inc. for the purchase of the TokeIn platform ("**TokeIn**") in order to expand into downstream market segments such as retailers. TokeIn provides a SaaS-based customer relationship management software and a sales and marketing platform with loyalty and rewards programs allowing its customers, including retail customers, to improve on customer acquisition, customer retention and analytics by feeding business intelligence and targeted marketing campaigns to their customer base.

  Consideration in connection with the acquisition of TokeIn included: an initial cash payment of $150,000, the issuance of 795,455 common shares at a fair value of $262,500, and the issuance of 1,245,454 common shares valued at $548,000. In the event the TokeIn assets achieve certain milestones by December 31, 2020, the Company is obligated to issue additional common shares with a value of $1,252,000, based on the 20-day volume weighted average price of the Company's shares for the date on which certain performance targets are met, or at a price of $0.44 per share if the common shares are not listed on a recognized Canadian stock exchange.

The following table outlines the fundraising events and related activities undertaken by MVC Technologies during 2017 and 2018.

Date	Event	Summary
March 9, 2017	Non-brokered Private Placement	Share issuance of 3,242,790 for gross proceeds of $276,900
May 30, 2017	Share Class Consolidation	All issued and outstanding Class A, B and C common shares were all redesignated as common shares
May and September, 2017	Convertible Debenture	Issuance of 7,333,333 principal convertible debentures for gross proceeds of $1,109,000 with a maturity set for May 30, 2019 and interest at 5%. Each debenture being convertible into a "unit" (being one common share exercisable at $0.15 per share, and one warrant which allows for one half common share at $0.20 per warrant) The convertible debentures would automatically convert into units on completion of a liquidity event. Net proceeds were $1,037,310 after $71,690 in arrangement fees.
May and September, 2017	Share Issuance	In conjunction with the convertible debentures above, the Company issued 3,630,000 common share purchase warrants to the debenture holders exercisable at $0.20 with an expiry date of November 30, 2020.

(Expressed in Canadian dollars)

September 26, 2017	Non-Brokered Private Placement	Issuance of 138,900 units for gross proceeds of $12,501. Each unit consisted of one common share and one half common share purchase warrant. Each warrant allows the purchase of one common share at $0.09 for a period of thirty eight (38) months from the date of issuance.
December 8, 2017	Share Split	All issued and outstanding common shares were given a share split on the basis of a 30 post-split common shares for every 1 pre-split common share.
December 19, 2017	Brokered Private Placement	Issuance of 8,026,510 units for gross proceeds of $3,290,869. Each unit consisting of one common share and one half common share purchase warrant with a value of one common share at an exercise price of $0.50 per share for a period of twenty four (24) months from the date of issuance. The Company also issued 489,850 broker warrants to the holder with the right to obtain one common share at an exercise price of $0.50 per common share, for a period of twenty four (24) months from the date of issuance.
December 29, 2017	Private Placement	Issuance of 1,876,153 units for gross proceeds of $769,223 with each unit consisting of one common share and one half common share warrant. Each warrant entitles the holder to one common share at an exercise price of $0.50 for a period of twenty four (24) months from the date of issuance.
February to December, 2017	Issuance Costs	In connection with private placements completed in 2017, the Company paid cash issuance costs of $204,967 and issued broker warrants valued at $59,024, the total of which was allocated to shares and warrants on a pro-rata basis based on their relative fair values.
January 3, 2018	Brokered Private Placement	Issuance of 426,829 units for gross proceeds of $175,000. Each unit consisting of one common share and one half common share purchase warrant. Each warrant entitling the holder to one common share at an exercise price of $0.50 for a period of twenty four (24) months from the date of issuance.

(Expressed in Canadian dollars)

July, 2018	Non-Brokered Private Placement	Issuance of 3,951,600 units for gross proceeds of $1,738,704. Each unit consisting of one common share and one half common share purchase warrant. Each warrant entitling the holder to one common share at an exercise price of $0.50 for a period of twenty four (24) months from the date of issuance.
September, 2018	Non-Brokered Private Placement	Issuance of 3,768,119 units for gross proceeds of $1,657,973. Each unit consisting of one common share and one half common share purchase warrant. Each warrant entitling the holder to one common share at an exercise price of $0.50 for a period of twenty four (24) months from the date of issuance..
October 2, 2018	Non-Brokered Private Placement (final tranche)	Issuance of 2,062,545 units for gross proceeds of $907,520. Each unit consisting of one common share and one half common share purchase warrant. Each warrant entitling the holder to one common share at an exercise price of $0.50 for a period of twenty four (24) months from the date of issuance.
October 19, 2018	Share Repurchase	The Company repurchased an aggregate of 1,651,745 common shares and an aggregate of 825,872 common share purchase warrants for a total consideration of $710,250.
October 19, 2018	Share Repurchase	The Company repurchased an aggregate of 294,955 common shares and an aggregate of 147,477 common share purchase warrants for a total consideration of $126,831.
October 25, 2018	Share / Convertible Debenture Principal Repurchase	The Company repurchased an aggregate principal amount of $150,000 of 5% convertible senior secured debentures and 1,951,000 common shares for a total consideration of $440,506 and $838,930, respectively.
October 29, 2018	Share Issuance	Issuance of 56,800 common shares and 28,400 common share purchase warrants to a consultant in satisfaction of debt owed amounting to $24,999. Each whole warrant is exercisable at $0.50 for one common share for a period of twenty four (24) months, from the date of issuance.
December 19, 2018	Promissory Note	Issuance of US$2,400,000 convertible secured

(Expressed in Canadian dollars)

		debentures to Merida Capital Partners II LP. Pending issuance of the convertible secured debt, the Company issued Merida a promissory note and the funds in the same value were advanced to the Company to repay the promissory note outstanding for the purchase consideration of Canna Care Docs.
January to December, 2018	Issuance Costs	In connection with private placements completed in 2018, the Company paid issuance costs of $151,586 in cash and issued broker warrants valued at $32,126, the total of which was allocated to shares and warrants on a pro-rata basis based on their relative fair values.

Subsequent to 2018 year end, the following fundraising events and related activities took place:

- 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 187,500 warrants were issued with each whole warrant exercisable to purchase one common share of the Company at a price of $0.80 for a period of three (3) years from issuance.

- On January 23, 2019, the Company granted an aggregate of 485,000 options to employees, directors and consultants. These options are exercisable over a period of 1-5 years from the date of grant with exercise prices ranging from $0.44-$0.50, vesting over 4 years for employees and immediately for directors and consultants.

- During January and February 2019, the Company closed four tranches of Private Placement financing of subscription receipts with the issuance of 4,758,340 Subscription Receipt Units for gross proceeds of $2,379,170. Each Subscription Receipt Unit 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 is exercisable to purchase one common share of MVC at a price of $0.80 for a period of three (3) years from issuance. The Company also issued 26,040 broker warrants in combination with the closing of the Subscription Receipt Units. Each broker warrant entitling the holder to purchase one Unit at $0.50 for a period of three (3) years, with each whole warrant is exercisable to purchase one common share of the Company at a price of $0.80 for a period of three (3) years from issuance.

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

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

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

- On March 5, 2019, $950,000 principal amount debentures, plus accrued interest were converted into 7,524,207 shares of CB2 at a price of $0.15 per share. The total amount of shares includes the 10% penalty multiplier.

- On March 20, 2019, the Company entered into a binding agreement to acquire 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.

- On April 4, 2019, the Company acquired the assets of Colorado-based medical cannabis clinic group Rae of Sunshine Health Services ("ROSH") LLC, operating as "Relaxed Clarity" for a cash payment of US$200,000 and issuance of 500,000 common shares.

Outlook and Overall Performance

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

With the acquisitions of various clinical operations and TokeIn as well as advancement in its own proprietary technology platform, all brands have substantial opportunities for near-term growth moving forward. The Company will look to continue to grow the brands organically but also sees synergies both in cost reductions and growth opportunities within the combined operations.

A primary focus for the Company moving forward is the acceleration of clinical acquisitions in the US. These acquisitions lead to accretive growth to the Company's financial metrics as well as grow the overall patient base for an increased source of anonymized and aggregate data that can be leveraged for future health outcome generation. The Company believes that it is an opportune time to aggressively acquire these types of assets. The US clinical industry is highly fragmented and provides a solid opportunity for the Company to consolidate this industry in the near-term.

The Company will also work to grow its existing clinical operations organically. With three established clinical brands, serving 13 US states and a total of approximately 85,000 patients per year, the Company sees several opportunities to add new clinic locations and grow patient volumes in existing clinics in the near-term. Marketing efforts will be increased to partner with specialists, patient support groups, resource centers and other channels to provide evaluations and education services within existing markets. The Company is also confident that cost synergies will continue to be uncovered to improve the bottom line of its clinical operations.

(Expressed in Canadian dollars)

As new markets open within the US and abroad, the Company will assess whether to organically expand into those markets under its existing brands or to enter the market by way of M&A activity. This assessment will primarily be based on thorough cost analysis as there are times when market entry based on acquisition is more cost effective.

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

All clinical operations, both completed and anticipated, will capitalize on post-acquisition cost synergies, place greater focus on external marketing and event participation and find new ways to cross-promote for even further market penetration. The Company has secured 2 opportunities for expansion via M&A activity in Arizona and Colorado. In addition, the Company is actively pursuing opportunities across various stages of its M&A pipeline in the remaining states with medical cannabis frameworks that the Company is not currently operating within.

Summary of Quarterly Results:

$	Three-Months Ended December 31, 2018	Three-months ended September 30, 2018	Three-months ended June 30, 2018	Three-months ended March 31, 2018	Three-Months Ended December 31, 2017	Three-months ended September 30, 2017	Three-months ended June 30, 2017	Three-months ended March 31, 2017
Revenue	2,449,020	2,882,665	2,793,112	2,643,214	237,041	5,780	28,522	8,716
Cost of sales	747,496	1,039,538	559,603	516,112	61,349	-	-	-
Operating expenses	3,997,653	2,966,796	2,053,216	1,759,632	553,831	354,025	207,274	383,207
Other expenses (income)	535,374	44,033	148,742	173,173	(61,826)	31,474	-	-
Net income (loss) before income taxes	(2,831,503)	(1,167,702)	31,551	194,297	(316,313)	(379,719)	(178,752)	(374,491)
Income tax expense (recovery)	(291,727)	(22,992)	96,833	101,273	7,628	-	-	-
Net income (loss)	(2,539,776)	(1,144,710)	(65,282)	93,024	(323,941)	(379,719)	(178,752)	(374,491)
Income (loss) per share	(0.0452)	(0.0201)	(0.0010)	(0.0010)	(0.0070)	(0.0105)	(0.0042)	(0.0042)

(Expressed in Canadian dollars)

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2018, 2017 and 2016 and for the years ended December 31, 2018, 2017 and 2016.

	Year ended December 31, 2018	**Year ended December 31, 2017**	**Year ended December 31, 2016**
Revenue	$10,768,011	$280,059	$1,500
Cost of sales	2,862,749	61,349	—
Gross Profit	7,905,262	218,710	1,500
Operating expenses	10,777,297	1,498,337	154,150
Non-operating expenses	901,322	(30,352)	795
Net loss before taxes	(3,773,357)	(1,249,275)	(153,445)
Income tax (recovery) expense	(116,613)	7,628	—
Net loss	$(3,656,744)	$(1,256,903)	$(153,445)
Net loss per share (basic and diluted)	$(0.065)	$(0.028)	$(0.010)
	As at December 31, 2018	**As at December 31, 2017**	**As at December 31, 2016**
Total assets	$10,893,603	$9,101,951	$188,472
Non-current liabilities	$3,274,080	$999,308	—

Revenue

The Company's revenue was $10,768,011, $280,059 and $1,500 during the years ended December 31, 2018, 2017 and 2016, respectively. Revenue for the year ended December 31, 2018 consisted of software licensing fee from the Canadian operations amounting to $28,366 (2017: $44,101, 2016: $1,500), and clinic revenue from the US clinical operations amounting to $10,739,645 (2017: $235,958, 2016: $nil).

Revenue increase in the year ended December 31, 2018 is a result of acquisition of CCD in December 2017 and the consolidation of CCD revenue for the entire year 2018.

Cost of sales

Cost of sales during the years ended December 31, 2018, 2017 and 2016 totaled $2,862,749, $61,349 and $nil, respectively. The cost of sales increase for the year ended December 31, 2018 is in line with the increase in revenues. Cost of sales pertains directly to the US clinical operations and comprises service fees paid to doctors and nurse practitioners.

Operating expenses

Operating expenses during the years ended December 31, 2018, 2017 and 2016 totaled $10,777,297, $1,498,337 and $154,150, respectively.

Operating expenses for the US and Canadian operations during the year ended December 31, 2018 were $7,842,358 and $2,934,939, respectively. Operating expenses for the US and Canadian operations during the year ended December 31, 2017 were $143,305 and $1,355,032, respectively.

Operating expenses increased for the year ended December 31, 2018 primarily as a result of the acquisition of CCD and consolidation of results for the entire year 2018. The increase of operating expenses on the Canadian side is due to costs associated with developing and scaling the Company's business lines.

Operating expenses during the year ended December 31, 2018 primarily comprised management fees, salaries and wages amounting to $4,876,240 (2017: $549,522, 2016: $26,794), office and administration expenses amounting to $1,674,768 (2017: $129,534, 2016: $50,434), professional fees amounting to $994,809 (2017: $211,346, 2016: $18,025), marketing and business development expenses amounting to $916,445 (2017: $14,708, 2016: $3,126), share based compensation amounting to $546,446 (2017: $387,943, 2016: $55,771) and depreciation and amortization amounting to $1,005,549 (2017: $171,677, 2016: $nil).

Net Loss

The Company recorded net losses before income taxes of $3,777,357, $1,249,275 and $153,445 during the years ended December 31, 2018, 2017 and 2016, respectively. Increased loss in 2018 was a result of costs associated with developing and scaling the Company's business lines and significant one-off legal, professional and accounting costs amounting to approximately $415,000 relating to the public listing process.

The net loss for the year ended December 31, 2018 consisted of (i) revenue of $10,768,011 and (ii) cost of sales of $2,862,749 which result in a gross profit of $7,905,262; (iii) operating expenses of $10,777,297 which result in a loss from operations of $2,872,035; (iv) financing expenses $901,322 which comprise interest and bank charges of $249,308, foreign exchange loss of $302,151 and accretion of convertible notes of $349,863 resulting in a net loss before income tax of $3,773,357; and (v) income tax recovery of $116,613 resulting in net loss of $3,656,744.

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

The net loss for the year ended December 31, 2016 amounting to $153,445, consisted primarily of (i) revenue of $1,500; (ii) operating expenses of $154,150 (iii) financing expenses which is comprised of interest and bank charges, net of $795.

Q4 2018 Results

The Company's revenue was $2,449,020 and $237,041 during the three months ended December 31, 2018 and 2017, respectively. Revenue for the three months ended December 31, 2018 consisted of software licensing fee amounting to $6,495 (2017: $1,083), and clinic revenue amounting to $2,442,525 (2017: $235,958). Clinic revenue pertains to the CCD operations acquired in December 2017. Cost of sales during the three months ended December 31, 2018 and 2017 totaled $747,496 and $61,349, respectively. The increase in revenue and cost in comparison to Q4 2017 is due to complete consolidation of operational results during Q4 2018.

Operating expenses during the three months ended December 31, 2018 and 2017 totaled $3,997,653 and $553,831, respectively. Operating expenses increased for the three months ended December 31, 2018 as a result of scaling the operations and the complete consolidation of CCD results during the quarter. Operating expenses during the three months ended December 31, 2018 primarily comprised management fees, salaries and wages amounting to $1,932,507 (2017: $240,986), office and administration expenses amounting to $489,253 (2017: $34,296), professional fees amounting to $369,093 (2017: $156,979), marketing and business development expenses amounting to $370,510 (2017: $5,773), share based compensation amounting to $184,837 (2017: $62,173), and rent amounting to $207,638 (2017: $18,171).

The Company recorded net losses before income taxes of $2,831,503 and $316,313 during three months ended December 31, 2018 and 2017, respectively. The increase in net loss was a result of costs associated with developing and scaling the Company's business lines and significant one-off costs relating to the public listing process.

(Expressed in Canadian dollars)

Discussion of Operations

For the year ended December 31, 2018, the Company has two reportable operating segments related to its software and clinic businesses which also align with the two countries in which it operates, the United States and Canada. The functional currency is the United States Dollar ("USD") for operations in the United States and the Canadian dollar ("CAD") for operations in Canada.

Revenues for the year ended December 31, 2018 for US (Clinic) and Canada (Software) were $10,739,645 and $28,366, respectively. Cost of sales for the year ended December 31, 2018 for US (Clinic) and Canada (Software) were $2,862,750 and $nil, resulting in gross profits of $7,876,895 and $28,366, respectively. The significant increase of revenue in 2018 compared to that of prior year is attributable to the CCD operations which were fully consolidated within the results of the year ended December 31, 2018.

Operating expenses for the year ended December 31, 2018 for the US and Canada segments were $6,420,777 and $4,255,083, respectively.

Net income (loss) after taxes for the year ended December 31, 2018 for the US and Canada were $1,010,025 and $(4,882,778), respectively.

Significant Assets

$	**December 31, 2018**	**December 31, 2017**
Cash	433,833	1,014,482
Trade and other receivables	297,479	117,984
Computer software	1,756,447	323,037
Other intangible assets	3,907,917	3,941,464
Goodwill	3,960,758	3,642,260

The Company's total assets at December 31, 2018 were $10,893,603 (December 31, 2017: $9,101,951). These mainly comprised cash and restricted cash amounting to $433,833 (December 31, 2017: $1,014,482), trade and other receivables amounting to $297,479 (December 31, 2017: $117,984), computer software amounting to $1,756,447 (December 31, 2017: $323,037), other intangible assets amounting to $3,907,917 (December 31, 2017: $3,941,464) and goodwill amounting to $3,960,758 (December 31, 2017: $3,642,260).

Decrease in cash was due to operational expenses and investments in capacity. Trade and other receivables increased due to GST/HST recoverable balance. Increase in computer software was due to investment by the Company in technology development to focus on strategy execution.

(Expressed in Canadian dollars)

Outstanding Share Data

	Shares	Warrants	Options
December 31, 2017	52,262,441	9,140,632	3,168,240
December 31, 2018	63,373,816	13,547,180	5,925,868
April 29, 2019	83,770,755	11,628,448	6,077,988

Liquidity and Capital Resources

Year Ended December 31,	2018	2017
	$	$
Cash used in operating activities	(1,134,375)	(835,406)
Cash used in investing activities	(1,424,307)	(3,579,586)
Cash provided by financing activities	2,326,076	5,244,916

The Company's cash used in operations for the year ended December 31, 2018 was $1,134,375 (December 31, 2017: $835,406). The increase in cash used in operations during year ended December 31, 2018 compared to the year ended December 31, 2017 is attributable to significant investments in scaling the operations and head office costs which were higher in 2018. This was partially offset by cash flow positive CCD operations which were fully consolidated within the results of the year ended December 31, 2018.

The Company's cash used in investing activities for the year ended December 31, 2018 was $1,424,307 (2017: $3,579,586). The decrease was primarily due to cash paid on acquisition of Canna Care in the year ended December 31, 2017. The 2018 amount primarily comprises investment by the Company in technology development to focus on strategy execution.

The Company's financing activities comprised raising $4,428,951 through the issuance of shares and warrants, and $3,274,080 through issuance of a promissory note during the year ended December 31, 2018. During the year, the Company also repaid a promissory note amounting to $3,260,438, convertible debt amounting to $440,506, and repurchased shares and warrants amounting to $1,676,011. During the year ended December 31, 2017, the Company raised $4,214,026 through issuance of shares and warrants and $1,037,311 through issuance of convertible debt.

As at December 31, 2018, the Company had a cash balance of $433,833 (December 31, 2017: $1,014,482). The Company had current liabilities of $1,770,045 (December 31, 2017: $3,121,262). The Company's negative cash flow is primarily a result of significant expenses in relation to the 'going-public' process, technology development, and costs to scale the business and implement strategic plans during the year ended December 31, 2018 partially provided by private placement financing.

As at December 31, 2018, the Company had a working capital deficiency of $862,515. The Company had incurred losses to date and had an accumulated deficit of $5,547,759 as at December 31, 2018. The Company generates revenue but will incur losses until revenues reach a level where operations become profitable. The Company's ability to reach profitability is dependent on successful implementation of its business strategy. The Company 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.

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Salaries and short-term benefits of key management personnel amounted to $463,641 and $201,358 for the years ended December 31, 2018 and 2017, respectively.

Share-based compensation of key management personnel amounted to $379,789 and $155,432 for the years ended December 31, 2018 and 2017, respectively.

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

Receivables from related party $50,000 (2017 - $nil) comprise amounts advanced to CB2 in relation to public listing expenses.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, trade and other receivables and current liabilities. Management has disclosed the impact of credit, liquidity, foreign currency, and interest rate risk below and in the audited consolidated financial statements.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations when they come due. The Company manages Company-wide cash projections centrally and regularly updates projections for changes in business and exchange rates. The expected timing of consolidated cash flows relating to financial liabilities as at December 31, 2018, are as follows:

	Less than 1 year $	1-3 years $	Total $
Accounts payable and accrued liabilities	779,370	—	779,370
Promissory note payable	—	3,274,080	3,274,080
Convertible debentures	982,490	—	982,490
	1,761,860	3,274,080	5,035,940

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

The Company's presentation currency is the Canadian dollar and the Company's subsidiary operates in the United States and therefore a majority of revenues are earned in US dollars. The Company also holds US dollar denominated debt. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders equity. The Company's net monetary position in the US dollar as of December 31, 2018 is summarized below with the effect on earnings before tax of a 10% fluctuation of the US dollar to the Canadian dollar::

(Expressed in Canadian dollars)

	Net Monetary Asset (Liability) Position December 31, 2018 (CA$ equivalent)	Impact of 10% variance in foreign exchange rate
US dollar	(3,181,427)	318,143

Interest rate risk

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

Fair value

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

Contingent consideration relating to the Company's acquisition of Canna Care is $nil based on expectations of amounts due.

Contingent consideration relating to the Company's acquisition of TokeIn is $nil based on expectations of amounts due.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves ($5,849,478 and $4,981,381 as at December 31, 2018 and 2017, respectively).

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2017.

Critical Accounting Policies and Estimates

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

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

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

The following areas require significant estimates or judgment by management.

Functional currency

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

Business combinations

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

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

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

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

Impairment of long-lived assets

Long-lived assets are tested for impairment if there is an indicator of impairment and annually for all CGUs with goodwill and/or intangible assets that are not amortized. The Company considers both external and internal sources of information for indications that long-lived assets are impaired. External sources of information we consider include changes in the market and economic and legal environment in which the CGU operates that are not within its control and affect the recoverable amount of goodwill. Internal sources of information considered include the strategic plans for the production and distribution segments including estimates of revenue and other indications of economic performance of the assets. Calculating the fair value less cost of disposal ("FVLCD") of CGUs for impairment tests requires management to make estimates and assumptions with respect to future revenue, costs of sales, expenses, adjusted EBITDA, other net cash flow adjustments and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis. Refer to Note 10 for further information.

Warrants, options, and equity-components of convertible debentures

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

Income taxes

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

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

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

Changes in Accounting Standards

Recently adopted accounting standards

IFRS 9 - Financial instruments

The Company adopted IFRS 9 effective January 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, at fair value through other comprehensive income, and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings.

The requirements in IAS 39 for classification and measurement were carried forward to IFRS 9 and the Company's accounting policy with respect to financial liabilities remains unchanged.

As a result of the adoption of this standard, the Company has changed its accounting classification for financial assets and all financial assets are carried at amortized cost. The change did not impact the carrying value of any financial assets on the transition date, January 1, 2018.

All other aspects of our accounting policies for financial instruments as disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2018 are unaffected.

IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"), which replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programmes ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when an entity should recognize revenue. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. Various clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company has adopted IFRS 15 in these consolidated financial statements for the period beginning on January 1, 2018, using the full retrospective approach. The Company has determined that adoption of the new IFRS 15 standard has no impact on revenue recognition for its software and clinical revenue streams.

Changes in accounting standards not yet effective

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases, and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company has made a preliminary assessment of the impact the final standard is expected to have on its consolidated financial statements on adoption in 2019. The Company expects that its premises leases will result in the recognition of a right of use asset and lease liability to be recorded in the statement of financial position on adoption of the new standard.

IFRIC 23, Uncertainty over income tax treatments

IFRIC 23 was issued in June 2017 and is effective for years beginning on or after January 1, 2019, to be applied retrospectively. IFRIC 23 provides guidance on applying the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered together or separately based on which approach better predicts resolution of the uncertainty. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements and plans to adopt the requirements in 2019.

Risk Factors

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

Limited Operating History

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

Scrutiny of Company's Investments in the United States

The Company's existing investments in the United States, and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct or indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described herein. Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in Canada, the United States or elsewhere. A negative shift in the public's perception of medical cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's expansion strategy may have material adverse effects on the Company's business, financial condition and results of operations.

Variation in Regulation

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

Unfavourable Publicity or Consumer Perception

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

Global Economic Risk

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

General Economic Trends

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

Economic Environment

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

Risks Associated with Acquisitions

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

Operational Risks

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

Banking

Since the use of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept or deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. The inability to open bank accounts may make it difficult to operate the Company's U.S. operations.

Financial Projections May Prove Materially Inaccurate or Incorrect

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

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

Difficulty to Forecast

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

Competition – General

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

Competition – Healthcare Information Systems

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

- quality service and support;
- price;

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

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

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

Competition – Health Care Clinics

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

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

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

Reliance on Management

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

Dependence on suppliers and skilled labour

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

Risks Related to Software and Product Development

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

- *Lack of experience and commitment of team* – The project manager is the leader and the most responsible person. An inexperienced manager can jeopardize the completion of a project.

- *Unrealistic deadlines* – Software projects may fail when deadlines are not properly set. Project initialization, completion date and time must be realistic.

- *Improper budget* – Cost estimation of a project is very crucial in terms of project success and failure. Low cost with high expectations of large projects may cause project failure.

- *Lack of resources* – Software and hardware resources may not be adequate. Lack of resources in terms of manpower is also a critical risk factor of software failure.

- *Personnel hiring* – The Company will be subject to extensive hiring requirements across all of its business lines as well as a need to release underperforming employees in order to perform and grow at the rate it intends. Staffing requirements may not be properly attained or assigned for/to specific tasks or company needs.

- *Understanding problems of customers* – Many customers are not technical in terms of software terminologies and may not understand the developer's point of view. Developers may interpret information differently from what is provided by the clients.

- *Inappropriate design* – Software designers have a major role in the success or failure of the project if a design is inappropriate for the project.

- *Market demand obsolete* – Market demand may become obsolete while a project is still in progress

Risks Inherent in the Health Clinic Industry

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

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

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

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

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

In February 2014, the Financial Crimes Enforcement Network ("**FCEN**") of the Treasury Department issued a memorandum (the "**FCEN Memo**") providing instructions to banks seeking to provide services to cannabis-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

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

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

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

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

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

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

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company will not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having material adverse impact on financial performance, financial condition, cash flows and growth prospects.

The Company may lack access to United States bankruptcy protections

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

Currency Fluctuations

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

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

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

Requirements for Further Financing

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

Litigation

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

Conflicts of Interest

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

Health Care Coverage

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

Dividend Policy

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