



**Skylight Health Group Inc. (formerly CB2 Insights Inc.)
Condensed Interim Consolidated Financial Statements
September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Skylight Health Group Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2020 have not been reviewed by the Company's auditors.

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 6,300,032	\$ 130,273
Inventories	33,198	36,965
Trade and other receivables (note 4)	228,035	309,353
Prepaid expenses	13,507	25,436
Total current assets	6,574,772	502,027
Furniture and equipment (note 5)	92,915	182,028
Right-of-use assets (note 6)	1,054,553	1,532,128
Computer software and technology (note 7)	972,490	1,312,170
Other intangible assets (note 8)	4,052,883	4,321,118
Goodwill (note 8)	1,678,787	1,634,611
Total assets	\$ 14,426,400	\$ 9,484,082
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 1,393,957	\$ 1,849,115
Payable to related parties	-	24,840
Promissory note payable (note 10)	-	4,003,465
Loan payable (note 11)	407,537	-
Purchase consideration payable	-	566,318
Lease liabilities (note 12)	648,356	769,570
Total current liabilities	2,449,850	7,213,308
Promissory note payable (note 10)	5,388,106	-
Loan payable (note 11)	462,833	-
Lease liabilities (note 12)	539,203	883,441
Total liabilities	8,839,992	8,096,749
Shareholders' equity		
Share capital (note 13)	19,070,554	12,224,770
Warrant reserve (note 13)	2,284,505	3,356,534
Option reserve (note 13)	1,400,884	1,552,361
Contributed surplus	1,874,217	-
Shares and units to be issued	115,155	334,903
Accumulated other comprehensive income	271,288	440,976
Accumulated deficit	(19,430,195)	(16,522,211)
Total shareholders' equity	5,586,408	1,387,333
Total liabilities and shareholders' equity	\$ 14,426,400	\$ 9,484,082

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

Nature of operations and going concern (note 1)

Subsequent events (note 17)

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

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

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenues				
Software	\$ 13,260	\$ 12,370	\$ 46,549	\$ 22,840
Contract research solutions	47,335	32,200	122,829	32,200
Clinic	3,249,533	4,148,568	9,773,249	10,244,930
	3,310,128	4,193,138	9,942,627	10,299,970
Cost of sales	964,091	1,264,296	3,082,437	3,049,254
Gross profit	2,346,037	2,928,842	6,860,190	7,250,716
Operating expenses				
Salaries and wages	1,181,693	1,726,296	3,687,408	4,622,518
Office and administration	387,697	606,320	1,186,209	1,443,730
Marketing and business development	110,814	137,191	216,604	949,614
Professional fees	47,668	505,401	538,561	1,598,334
Rent	14,985	111,873	113,965	195,556
Share-based compensation	217,028	175,444	500,625	749,530
Depreciation and amortization	601,878	585,431	1,842,669	1,647,662
Total operating expenses	2,561,763	3,847,956	8,086,041	11,206,944
Loss from operations	(215,726)	(919,114)	(1,225,851)	(3,956,228)
Financing expenses				
Foreign exchange (gain)/ loss	126,157	170,884	(309,300)	169,350
Reverse takeover transaction cost	-	-	-	807,995
Change in fair value (note 10)	932,206	95,557	2,156,002	491,811
Accretion on convertible debentures	-	-	-	28,632
Interest on lease liabilities (note 12)	37,186	51,331	130,184	160,557
Gain on debt settlement (note 10)	-	-	(294,753)	(166,311)
Net loss before income taxes	(1,311,275)	(1,236,886)	(2,907,984)	(5,448,262)
Income tax expense	-	-	-	61,795
Net loss	(1,311,275)	(1,236,886)	(2,907,984)	(5,510,057)
Other comprehensive loss				
Exchange difference on translation of foreign operations, net of tax	56,462	247,396	(169,688)	(63,709)
Net loss and comprehensive loss	\$ (1,254,813)	\$ (989,490)	\$ (3,077,672)	\$ (5,573,766)
Basic and diluted net loss per common share	\$ (0.013)	\$ (0.015)	\$ (0.030)	\$ (0.073)
Weighted average number of common shares outstanding - basic and diluted	100,865,728	79,850,283	95,822,863	75,875,043

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

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

Nine months ended September 30,	2020	2019
Operating activities		
Net loss for the period	\$ (2,907,984)	\$ (5,510,057)
Adjustments for:		
Depreciation and amortization	1,842,669	1,647,662
Unrealized foreign exchange (gain) loss	(327,884)	161,046
Accretion on convertible debentures	-	28,632
Interest on lease liabilities	130,184	160,557
Reverse takeover transaction cost	-	807,995
Share-based compensation	500,625	749,530
Share-based compensation for services	94,433	-
Write-off of bad debt	35,648	-
Change in fair value	2,156,002	491,811
Gain on debt settlement	(294,753)	(166,311)
Changes in non-cash working capital items:		
Inventories	4,838	49,297
Trade and other receivables (note 4)	84,487	(145,796)
Prepaid expenses	12,077	(26,319)
Accounts payable and accrued liabilities	168,534	720,997
Income taxes	-	61,591
Net cash generated by (used in) operating activities	1,498,876	(969,365)
Investing activities		
Purchase of furniture and equipment	-	(70,814)
Development of computer software	(371,436)	(950,000)
Purchase consideration paid	-	(722,283)
Net cash used in investing activities	(371,436)	(1,743,097)
Financing activities		
Repayment to related parties	(25,146)	-
Shares and warrants issued and to be issued for cash	5,213,813	2,474,374
Principal payment of lease liabilities	(637,010)	(487,159)
Interest paid on lease liabilities	(130,184)	(160,557)
Proceeds from loan	916,958	-
Proceeds from issuance of promissory note	-	787,800
Net cash provided by financing activities	5,338,431	2,614,458
Net increase in cash during the period	6,465,871	(98,004)
Effect of foreign currency on cash	(296,112)	67,106
Cash, beginning of period	130,273	433,833
Cash, end of period	\$ 6,300,032	\$ 402,935

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

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Units to be Issued	Shares to be Issued	Equity component of convertible debenture	Accumulated other comprehensive income	Deficit	Total
Balance, January 1, 2019	63,373,816	\$ 7,794,137	\$ 2,685,560	\$ 301,623	\$ 75,499	\$ -	\$ 82,428	\$ 457,990	\$ (5,547,759)	\$ 5,849,478
Private placement (note 13 (b))	5,133,338	1,711,384	855,285	-	(75,499)	-	-	-	-	2,491,170
Share issuance costs - cash	-	(21,726)	(8,146)	-	-	-	-	-	-	(29,872)
Share issuance costs - warrants	-	(25,799)	25,799	-	-	-	-	-	-	-
Shares issued in settlement of convertible debentures	7,594,547	1,093,549	-	-	-	-	(82,428)	-	-	1,011,121
Shares issued on acquisition	950,000	294,500	-	-	-	314,886	-	-	-	609,386
Rights issue	7,281	3,276	-	-	-	-	-	-	-	3,276
Share-based compensation	-	-	-	749,530	-	-	-	-	-	749,530
Shares issued and to be issued in settlement of accrued interest	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	1,363,636	504,273	18,735	188,079	-	-	-	-	-	711,087
Foreign currency translation	-	-	-	-	-	-	-	(63,709)	-	(63,709)
Net loss for the period	-	-	-	-	-	-	-	-	(5,510,057)	(5,510,057)
Balance, September 30, 2019	79,997,698	\$ 11,662,638	\$ 3,577,233	\$ 1,181,078	\$ -	\$ 442,927	\$ -	\$ 394,281	\$ (11,057,816)	\$ 6,200,341

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Share Capital	Warrant Reserve	Option Reserve	Contributed Surplus	Shares and Units to be Issued	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2019	82,836,742	\$ 12,224,770	\$ 3,356,534	\$ 1,552,361	\$ -	\$ 334,903	\$ 440,976	\$ (16,522,211)	\$ 1,387,333
Private placement (note 13 (b))	34,253,641	3,877,980	1,270,066	-	-	20,000	-	-	5,168,046
Share issuance costs - cash	-	(142,213)	(44,300)	-	-	-	-	-	(186,513)
Share issuance costs - warrants	-	(115,068)	115,068	-	-	-	-	-	-
Share-based compensation	2,516,756	269,264	-	500,625	-	-	-	-	769,889
Share-based compensation for services	-	-	-	94,433	-	-	-	-	94,433
Shares issued for services	1,176,968	125,598	-	-	-	-	-	-	125,598
Share issuance costs - cash	-	-	-	-	-	-	-	-	-
Shares issued and to be issued in settlement of accrued interest (notes 10 and 13 (b))	2,439,312	229,722	-	-	-	(21,301)	-	-	208,421
Shares issued in settlement of contingent consideration	4,389,556	553,948	-	-	-	-	-	-	553,948
Shares issued and to be issued against exercise of warrants	4,970,503	1,946,459	(1,499,114)	-	-	(218,447)	-	-	228,898
Exercise of stock options	41,750	5,594	-	(2,212)	-	-	-	-	3,382
Shares issued in lieu of directors' fees	675,000	94,500	-	-	-	-	-	-	94,500
Warrants and options expired	-	-	(1,129,894)	(744,323)	1,874,217	-	-	-	-
Warrants issued for amendment of promissory note	-	-	216,145	-	-	-	-	-	216,145
Foreign currency translation	-	-	-	-	-	-	(169,688)	-	(169,688)
Net loss for the period	-	-	-	-	-	-	-	(2,907,984)	(2,907,984)
Balance, September 30, 2020	133,300,228	\$ 19,070,554	\$ 2,284,505	\$ 1,400,884	\$ 1,874,217	\$ 115,155	\$ 271,288	\$ (19,430,195)	\$ 5,586,408

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

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months periods ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Nature of operations

Skylight Health Group Inc. ("SHG" or the "Company"), formerly CB2 Insights Inc., is a healthcare services and technology company, working to positively impact patient health outcomes. The Company operates a US multi-state health network that comprises of physical multi-disciplinary medical clinics providing a range of services from primary care, sub-specialty, allied health and diagnostic testing. The Company was incorporated on December 27, 2017 under the Canada Business Corporations Act. and completed a reverse takeover ("RTO") on February 27, 2019 (the "Closing Date") with MVC Technologies Inc. ("MVC") which was incorporated in the province of Ontario on November 3, 2014 under the Ontario Business Corporation Act ("OBCA"). Pursuant to the special meeting of the shareholders of the Company held on November 23, 2020, the name of the Company was changed from CB2 Insights Inc. to Skylight Health Group Inc. The head office of the Company 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 \$19,430,195. The Company has a working capital as of the balance sheet date of \$4,124,922. The Company has raised debt and equity financing through 2018, 2019 and 2020 in order to fund platform development and activities resulting in growth in its customer base. The Company expects that the investments it made in 2017, 2018 and 2019 will result in increased revenue and operating cash flows however, the Company anticipates further investment and will require additional debt and/or equity financing in order to develop its business.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company, or that the Company will be able to generate sufficient returns from operations. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the Company generating revenue and debt and/or equity financing sufficient to fund its cash flow needs. These circumstances indicate the existence of material uncertainty that casts significant doubt on the ability of the Company to meet its business plan and its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

The unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and expenses and the classifications used in the unaudited condensed interim consolidated statement of financial position. Such differences in amounts could be material.

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months periods ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of presentation

Statement of compliance

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

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

The Board of Directors approved these unaudited condensed interim consolidated financial statements on November 28, 2020.

Comparative information

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

3. Summary of significant accounting policies

New accounting standards adopted

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

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

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

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

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

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months periods ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Trade and other receivables

	September 30, 2020	December 31, 2019
Trade receivables	\$ 59,755	\$ 71,569
Harmonized sales tax recoverable	93,124	136,592
Security deposits	75,156	101,192
	\$ 228,035	\$ 309,353

5. 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	-	37,914	266	-	71,423
Impairment	(1,286)	(244)	(1,845)	(846)	-	(4,221)
Net exchange differences	(2,869)	(1,137)	(4,699)	(3,360)	-	(12,065)
Balance, December 31, 2019	115,887	22,413	112,997	66,372	47,549	365,218
Net exchange differences	2,049	606	3,054	1,790	-	7,499
Balance, September 30, 2020	\$ 117,936	\$ 23,019	\$ 116,051	\$ 68,162	\$ 47,549	\$ 372,717

Amortization

Balance, December 31, 2018	\$ 20,942	\$ 6,479	\$ 14,625	\$ 14,578	\$ 15,284	\$ 71,908
Amortization	34,695	7,715	34,107	22,877	15,848	115,242
Net exchange differences	(897)	(470)	(1,407)	(1,186)	-	(3,960)
Balance, December 31, 2019	54,740	13,724	47,325	36,269	31,132	183,190
Amortization	29,771	5,842	29,452	17,298	11,887	94,250
Net exchange differences	521	282	839	720	-	2,362
Balance, September 30, 2020	\$ 85,032	\$ 19,848	\$ 77,616	\$ 54,287	\$ 43,019	\$ 279,802

Net book value

Balance, December 31, 2019	\$ 61,147	\$ 8,689	\$ 65,672	\$ 30,103	\$ 16,417	\$ 182,028
Balance, September 30, 2020	\$ 32,904	\$ 3,171	\$ 38,435	\$ 13,875	\$ 4,530	\$ 92,915

6. Right-of-use assets

Premises leases

Beginning balance, January 1, 2020	\$ 1,532,128
Additions	120,439
Depreciation	(646,217)
Impact of foreign exchange	48,203
Ending balance, September 30, 2020	\$ 1,054,553

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months periods ended September 30, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

7. Computer software and technology

Cost	
Balance, December 31, 2019	\$ 2,958,091
Additions	371,436
Net exchange differences	472
Balance, September 30, 2020	\$ 3,329,999
Amortization	
Balance, December 31, 2019	\$ 1,645,921
Amortization	711,382
Net exchange differences	206
Balance, September 30, 2020	\$ 2,357,509
Net book value	
Balance, December 31, 2019	\$ 1,312,170
Balance, September 30, 2020	\$ 972,490

8. Goodwill and other intangible assets

	Goodwill	Customer relationships	Brand	Non- compete	Total other intangibles
Cost					
Balance, December 31, 2019	\$ 1,634,611	\$ 2,524,578	\$ 2,597,600	\$ 8,508	\$ 5,130,686
Net exchange differences	44,176	68,226	70,200	230	138,656
Balance, September 30, 2020	\$ 1,678,787	\$ 2,592,804	\$ 2,667,800	\$ 8,738	\$ 5,269,342
Amortization					
Balance, December 31, 2019	\$ -	\$ 809,568	\$ -	\$ -	\$ 809,568
Amortization	-	390,820	-	-	390,820
Net exchange differences	-	16,071	-	-	16,071
Balance, September 30, 2020	\$ -	\$ 1,216,459	\$ -	\$ -	\$ 1,216,459
Net book value					
Balance, December 31, 2019	\$ 1,634,611	\$ 1,715,010	\$ 2,597,600	\$ 8,508	\$ 4,321,118
Balance, September 30, 2020	\$ 1,678,787	\$ 1,376,345	\$ 2,667,800	\$ 8,738	\$ 4,052,883

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months periods ended September 30, 2020 and 2019****(Expressed in Canadian Dollars)****(Unaudited)**

9. Accounts payable and accrued liabilities

	September 30, 2020	December 31, 2019
Accounts payable	\$ 822,098	\$ 1,158,628
Accrued liabilities	571,859	690,487
	\$ 1,393,957	\$ 1,849,115

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

	September 30, 2020	December 31, 2019
Less than 1 month	\$ 11,633	\$ 195,704
1 to 3 months	261,109	386,049
Greater than 3 months	549,356	576,875
	\$ 822,098	\$ 1,158,628

Accounts payable include an amount of \$1,829 (December 31, 2019: \$12,018) payable to a related party for professional services provided to the Company.

10. Promissory note

On December 19, 2017 (the "Closing Date"), the Company entered into an acquisition transaction with Canna Care Docs as detailed in Note 5 to the year end consolidated financial statements as of December 31, 2018. As part of the purchase consideration, the Company issued a promissory note in the amount of US\$2,500,000 ("Canna Care Note"). The note was discounted to its present value and initially recorded at \$3,017,057 (US\$2,336,449) on the closing date using an effective interest rate of 7%. Accretion expense amounting to \$208,324 (2017 - \$nil) was recorded on this promissory note during the year ended December 31, 2018.

The note was repayable on, and interest free up to, December 19, 2018 after which date interest of 15% per annum was charged. The note was secured by the purchased assets of Canna Care Docs.

On December 19, 2018, the Company repaid the full amount of the Canna Care Note with the proceeds from the issuance of a promissory note to Merida Capital Partners ("Merida") ("Merida Note").

On December 19, 2018, the Company issued the Merida Note and Merida advanced to the Company funds amounting to US\$2,400,000. The Merida note bore interest at 12% per annum and was due 18 months from the issuance date. The Merida Note contained an option to convert the Merida 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 elected to carry the note at FVTPL. The Company recorded a loss in fair value of \$396,254 for the year ended December 31, 2019 on the Merida Note. In measuring the fair value of Merida Note, the Company used the Monte Carlo valuation technique.

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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10. Promissory note (continued)

On June 24, 2019, the Company entered into an Amended and Restated Promissory Note with Merida Capital Partners II LP ("Merida"), whereby the Company promised to pay Merida US\$3.0 million (the "Merida Note II"). The Merida Note II bore interest at 12.0% per annum and was due on December 24, 2020. Interest was paid through the issuance of common shares of the Company at a price per share equal to the 30-day volume weighted average price of the Company's common shares, less a discount of 18.0%. The Merida Note II was measured at fair value on issuance date and the Company elected to carry the note at FVTPL. In measuring the fair value of the Merida Note II, the Company used the Monte Carlo valuation technique.

As per the agreement of Merida Note, during the year ended December 31, 2019, the Company issued 1,219,520 common shares of the Company in settlement of \$241,090 accrued interest on the Merida Note and the Company incurred issuance cost amounting to \$6,142 for these shares.

The amendment of the Merida Note was accounted for as an extinguishment of the Merida Note and the issuance of the Merida Note II resulting in a gain of \$166,311 recorded in the income statement during the year ended December 31, 2019.

The interest on Merida Note II was 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 year ended December 31, 2019, interest amounting to \$243,948 was recorded on the Merida Note II and 1,077,978 common shares were issued during the year while 1,218,756 common shares were issued subsequently for the interest amount. The Company also recorded a loss in fair value of \$191,114 for the year on the Merida Note II. For the nine months ended September 30, 2020, interest expense amounting to \$113,247 was recorded on the Merida Note II and 1,213,443 common shares were issued for the interest amount. The Company also recorded a loss in fair value of \$311,738 on the Merida Note II during the nine months ended September 30, 2020.

On June 17, 2020, the Company entered into an amended and restated promissory note (the "Merida Note III"), which amended the terms of the promissory note originally issued by the Company on December 20, 2018 and amended on June 24, 2019. Under the terms of the Amended Note, the principal amount of USD \$3 million will become payable on December 24, 2022 (previously due on December 24, 2020), carry an annual interest rate of 8% (previously 12%), payable, at the Company's option, either in cash or in common shares of the Company. If interest is paid in common shares, the number of shares will be calculated at a price per share equal to the 30-day volume weighted average trading price of the Company's common shares on the CSE less a 10% discount. Additionally, if at any time prior to the maturity date, the closing price of the Company's common shares on the CSE is equal to or greater than CAD \$0.30 for 20 consecutive trading days, then the outstanding amounts owed under the Amended Note will be converted into that number of common shares obtained by dividing:

(A) the Canadian dollar equivalent of the sum of:

- the principal amount of USD \$3 million and
- the unpaid accrued interest owing up to the conversion date, by

(B) the volume-weighted average closing price of the Company's common shares on the CSE during such 20 consecutive trading day period, less a discount of 10%.

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10. Promissory note (continued)

The Merida Note III is effective as of April 1, 2020. As consideration for the amendments, the Company issued warrants entitling the holder to purchase up to 3 million common shares at an exercise price of CAD \$0.14 per common share during the period commencing on the first anniversary of date of issuance of the warrants and ending three years from such issuance date. The fair value of the warrants was estimated using the Black-Scholes option pricing model at \$0.14 per warrant, based on the following assumptions: underlying share price of \$0.115 per share, expected annualized volatility of 110%; risk-free interest rate of 0.28%; expected dividend yield of 0%; and expected life of 3 years.

The amendment of the Merida Note II has been accounted for as an extinguishment of the Merida Note II and the issuance of the Merida Note III resulting in a gain of \$294,753 recorded in the income statement during the nine months ended September 30, 2020.

The Merida Note III was measured at fair value on issuance date and the Company has elected to carry the note at FVTPL. In measuring the fair value of the Note, the Company has used the Monte Carlo valuation technique.

As per the agreement of Merida Note III, during the three and nine months ended September 30, 2020, interest expense amounting to \$80,584 and \$175,190 respectively was recorded on the Merida Note III which will be settled by issuance of 1,105,843 common shares and cash payment of \$80,584. The Company also recorded a loss in fair value of \$932,206 and \$1,872,238 on the Merida Note III during the three and nine months ended September 30, 2020 respectively.

11. Loan payable

On April 27, 2020, the Company obtained a loan of 916,958 (US\$652,500) from Citizens Bank N.A under the Paycheck Protection Program (PPP) offered by US Small Business Administration as part of COVID-19 relief measures. The loan carries 1% premium and the repayments would start from February 27, 2021 in equal monthly installments over eighteen months. The PPP program allows for the loan to be forgiven if the disbursed amount is spent in accordance with specific guidelines. The Company is in the process of applying for loan forgiveness, and if approved, the loan amount would be reclassified as a grant in the statements of loss and comprehensive loss.

12. Lease liabilities

Beginning balance, January 1, 2020	\$ 1,653,011
Additions	120,439
Interest expense	130,184
Lease payments	(767,194)
Impact of foreign exchange	51,119
Ending balance, September 30, 2020	\$ 1,187,559
<hr/>	
Allocated as:	
Current (no later than 1 year)	\$ 648,356
Long-term (later than 1 year but no later than 5 years)	539,203
	<hr/>
	\$ 1,187,559

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months periods ended September 30, 2020 and 2019****(Expressed in Canadian Dollars)****(Unaudited)**

13. 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, 2019	63,373,816	\$ 7,794,137
Private placements (i)\(ii)	5,133,338	1,711,384
Share issuance costs - warrants	-	(25,799)
Share issuance costs - cash (iii)	-	(21,726)
Shares issued in settlement of convertible debt (vi)	7,594,547	1,093,549
Shares issued on acquisition (viii)	950,000	294,500
Rights issue (vii)	7,281	3,276
Shares issued and to be issued in settlement of accrued interest (x)	1,219,520	241,090
Exercise of stock options (iv)(v)	355,560	67,954
Shares issued on acquisition of Reverse Takeover (ix)	1,363,636	504,273
Balance, September 30, 2019	79,997,698	\$ 11,662,638

Balance, January 1, 2020	82,836,742	\$ 12,224,770
Private placement (i)	34,253,641	3,877,980
Share issuance costs - cash (i)	-	(142,213)
Share issuance cost - warrants (i)	-	(115,068)
Share-based compensation (ii)	2,516,756	269,264
Shares issued for services (iii)	1,176,968	125,598
Shares issued in settlement of accrued interest (iv)	2,439,312	229,722
Shares issued in settlement of contingent consideration (v)	4,389,556	553,948
Shares issued against exercise of warrants (vi)	4,970,503	1,946,459
Exercise of stock options (vii)	41,750	5,594
Shares issued in lieu of directors' fees (viii)	675,000	94,500
Balance, September 30, 2020	133,300,228	\$ 19,070,554

2020

(i) On September 5, 2020, the Company completed a non-brokered private placement for gross proceeds of \$5,138,046 with the issuance of 34,453,641 subscription receipt units at an issue price of \$0.15 per unit. Upon issuance, each subscription receipt unit automatically converted into one common share and one-half common share purchase warrant. Each whole warrant is exercisable to purchase one common share of the Company at a price of \$0.20 per share for a period of two (2) years from the date of issuance. The fair value of the 17,243,486 warrants contained in the Units issued on this date was estimated using the Black-Scholes option pricing model at \$0.11 per warrant, based on the following assumptions: underlying share price of \$0.175 per share, expected annualized volatility of 138.52%; risk-free interest rate of 0.35%; expected dividend yield of 0%; and expected life of 2 years. As of September 30, 2020, 200,000 common shares are classified under shares to be issued and were issued on October 14, 2020.

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13. Share capital (continued)

b) Common shares issued (continued)

The Company also issued 1,337,778 broker warrants in combination with the closing of the subscription receipt unit financing. Each broker warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of two (2) years from the date of issuance. The fair value of the 1,337,788 broker warrants issued was estimated using the Black-Scholes option pricing model at \$0.11 per warrant, based on the following assumptions: underlying share price of \$0.175 per share, expected annualized volatility of 138.52%; risk-free interest rate of 0.35%; expected dividend yield of 0%; and expected life of 2 years. In relation to the private placement, the Company also paid cash issuance cost of \$186,513. The fair value of broker warrants and cash issuance cost was allocated to shares and warrants on a pro-rata basis based on their relative fair values.

All securities issued in connection with the private placement will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities laws.

(ii) On January 26, 2020, 1,248,460 common shares valued at \$0.10 were issued to CEO and President in lieu of accrued compensation. On April 21, 2020, 313,750 common shares valued at \$0.08 were issued to CEO and President in lieu of accrued compensation. On August 5, 2020, 954,546 common shares valued at \$0.125 per share were issued to CEO and President in lieu of accrued compensation.

(iii) On January 26, 2020, 300,000 common shares valued at \$0.14 were issued to a consultant for services rendered and 263,667 common shares were issued to settle accounts payable. On April 21, 2020, 422,535 common shares valued at \$0.071 per share were issued to a consultant for services rendered and 87,889 common shares valued at \$0.09 were issued to settle accounts payable. On September 29, 2020, 102,877 common shares valued at \$0.175 per share were issued to a consultant for services rendered.

(iv) On January 28, 2020, the Company issued 1,218,756 common shares valued at \$0.1 in settlement of \$115,097 accrued interest on the Merida Note II for the quarter ended December 31, 2019. On April 21, 2020, the Company issued 1,213,443 common shares valued at \$0.093 in settlement of \$113,247 accrued interest on Merida Note II for the quarter ended March 31, 2020.

On April 21, 2020, the Company issued 7,113 common shares in the Company valued at \$0.08 to related parties in settlement of \$569 accrued interest on loan provided to the Company.

(v) On January 24, 2020, the Company executed the amended agreement with the previous owners of NJAM, whereby all contingent earn-out payments were removed in exchange for issuance of 2,500,000 common shares in the Company valued at \$0.14 per share amounting to \$350,000.

On April 21, 2020, the Company issued 882,978 common shares in the Company valued at \$0.111 to the previous owners of ROSH on achievement of a milestone in accordance with the original purchase agreement amounting to \$98,370. On June 26, 2020, the Company issued 1,006,578 common shares in the Company valued at \$0.105 to the previous owners of ROSH on achievement of a milestone in accordance with the original purchase agreement amounting to \$105,578.

(vi) During the nine months ended September 30, 2020, shareholders exercised 4,970,503 warrants valued at \$0.09 per common share. The Company also incurred cash issuance costs of \$6,250. The fair value of the warrants exercised amounting to \$1,499,114 was also reclassified from the Warrant reserve to Share capital.

(vii) On July 23, 2020, a consultant exercised 41,750 options at an exercise price of \$0.80 per share.

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

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13. Share capital (continued)

2019

b) Common shares issued (continued)

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 2019 private placements, the Company paid cash issuance costs of \$23,730, the total of which was allocated to shares and warrants on a pro-rata basis based on their relative fair values.

(iv) On February 1, 2019, a consultant exercised 300,000 options at a price of \$0.016 per share.

(v) On March 5, 2019 a consultant exercised 55,560 options at a price of \$0.09 per share. The fair value of the options exercised amounting to \$58,154 was also reclassified from the Options reserve to Share capital.

(vi) On March 5, 2019, \$959,000 principal amount debentures, plus accrued interest of \$84,632, were converted into 7,594,547 shares of SHG. The total amount of shares includes a 10% increase in the number of shares to be issued upon conversion as the Company was unable to complete the going public transaction by the Conversion Date as stipulated in the debenture agreement.

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

(viii) On April 4, 2019 and April 9, 2019 the company completed the acquisitions of Rae of Sunshine Health Services ("ROSH") LLC and MedEval Clinic LLC respectively and issued common shares as part of the purchase consideration.

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13. Share capital (continued)**2019**

b) Common shares issued (continued)

Private placements

(ix) The Company issued common shares as per the Share Exchange Agreement executed between MVC and SHG for the Reverse Takeover of SHG by MVC.

(x) 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.

Warrants

A summary of the warrant activity for the periods ended September 30, 2020 and 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2018	13,547,180	0.42
Granted upon RTO of SHG	151,515	1.65
Granted	2,592,710	0.80
Balance, September 30, 2019	16,291,405	0.49
Balance, January 1, 2020	15,530,719	0.56
Exercised	(4,970,503)	(0.60)
Expired	(5,936,544)	(0.39)
Granted (note 10)	21,581,274	0.19
Balance, September 30, 2020	26,204,946	0.24

At September 30, 2020, a summary of warrants outstanding and exercisable is as follows:

Outstanding warrants

Range of exercise prices	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
< \$0.20	1,298,830	\$ 0.20	0.08
\$0.41 - \$0.50	2,421,169	0.48	0.04
\$0.8	853,200	0.80	1.37
\$0.14	3,000,000	0.14	2.73
\$0.20	18,581,274	0.20	1.98
\$1.65	50,473	1.65	0.05
	26,204,946	\$ 0.24	1.77

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13. 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.

On April 17, 2020, the Company granted an aggregate of 2,060,777 options to employees and consultants. These options are exercisable over a period of 5 years from the date of grant with exercise price of \$0.081 vesting over 3 years from the date of grant.

On July 23, 2020, a consultant exercised 41,750 options at an exercise price of \$0.081 per share.

On August 4, 2020, the Company cancelled 605,928 stock options granted to employees in prior years. These options were replaced by those previously granted to employees on April 17, 2020.

On August 18, 2020, the Company granted 2,736,440 options to Directors. 25% of the options vest immediately at an exercise price of \$0.115, 25% vest after 6 months from the date of grant at an exercise price of \$0.125, 25% vest after 12 months from the date of grant at an exercise price of \$0.15 and 25% vest after 18 months from the date of grant at an exercise price of \$0.175.

On September 18, 2020 the Company issued 600,000 options to a consultant for their services. The options are exercisable at \$0.185 per share and vest 25% upon grant, 25% upon closing of \$500,000 private placement during September 2020 and 50% upon the share price of the Company reaching \$0.30 per share on the CSE for 20 consecutive days. The Company also cancelled 2,485,134 stock options granted to Directors on November 5, 2018, which had an exercise price of \$0.44 per share.

During the nine months ended September 30, 2020, 1,143,512 options were expired.

A summary of the options activity for the periods ended September 30, 2020 and 2019 is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2018	5,925,868	0.36
Granted upon RTO of SHG	666,060	0.39
Granted	485,000	0.48
Exercised	(355,560)	0.03
Balance, September 30, 2019	6,721,368	0.38
Balance, January 1, 2020	6,721,368	0.38
Expired	(1,143,512)	0.20
Granted	5,397,217	0.12
Exercised	(41,750)	0.08
Cancelled	(3,091,062)	0.44
Balance, September 30, 2020	7,842,261	0.19

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13. Share capital (continued)

b) Common shares issued (continued)

Options (continued)

At September 30, 2020, a summary of stock options outstanding and exercisable is as follows:

Range of exercise prices	Number outstanding	Weighted average Exercise Price	Weighted average remaining life (years)	Number exercisable	Weighted average exercise price
\$0.15	833,333	\$0.15	2.90	625,000	\$0.15
\$0.17	363,030	\$0.17	0.76	363,030	\$0.17
\$0.28	36,000	\$0.28	0.66	-	\$0.28
\$0.41	85,366	\$0.41	2.90	64,025	\$0.41
\$0.44	598,635	\$0.44	2.83	579,885	\$0.44
\$0.50	267,400	\$0.50	1.92	267,400	\$0.50
\$0.66	303,030	\$0.66	0.76	303,030	\$0.66
\$0.08	2,019,027	\$0.08	4.55	688,507	\$0.08
\$0.115	684,110	\$0.115	4.88	684,110	\$0.115
\$0.125	684,110	\$0.125	4.88	-	\$0.125
\$0.150	684,110	\$0.150	4.88	-	\$0.150
\$0.175	684,110	\$0.175	4.88	-	\$0.175
\$0.185	600,000	\$0.185	4.97	300,000	\$0.185
	7,842,261	\$0.19	3.94	3,874,987	\$0.25

During the three and nine months ended September 30, 2020, \$217,028 and \$500,625, respectively (three and nine months ended September 30, 2019 - \$175,444 and \$749,530, respectively) has been recognized as a share-based compensation expense for the options vested during the period. During the three and nine months ended September 30, 2020, \$78,748 and \$94,433, respectively (three and nine months ended September 30, 2019 - \$nil and \$nil, respectively) has been recognized as professional fees expense for the options issued for services and vested during the period.

14. Fair value measurement

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

There were no transfers to or from any level of the fair value hierarchy during the nine months ended September 30, 2020.

The following tables illustrate the classification and hierarchy of the Company's financial instruments, measured at fair value in the statements of financial position as at September 30, 2020 and December 31, 2019:

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14. Fair value measurement (continued)

As at September 30, 2020 - (Liabilities, at fair value)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
Promissory note payable	\$ -	\$ -	\$ 5,388,106	\$ 5,388,106

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

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

Level 3 hierarchy:

The following table presents the changes in fair value measurements of financial instruments classified as Level 3. These financial instruments are measured at fair value utilizing non-observable market inputs. The net change in unrealized gains or losses is recognized in the statements of loss.

Merida Note III	Opening balance	Addition	Interest repaid during the period	Repaid during the period	Warrants issued for amendment of promissory note	Fair valuation impact	Foreign exchange impact	Closing balance
September 30, 2020	\$ -	\$ 3,907,203	\$ (175,190)	\$ -	\$ (216,145)	\$ 1,872,238	\$ -	\$ 5,388,106

Merida Note II	Opening balance	Addition	Interest repaid during the period	Repaid during the period	Fair valuation impact	Foreign exchange impact	Closing balance
September 30, 2020	\$ 4,003,465	\$ -	\$ (113,247)	\$ 4,201,956	\$ 311,738	\$ -	\$ -
December 31, 2019	\$ -	\$ 4,056,298	\$ (243,947)	\$ -	\$ 191,114	\$ -	\$ 4,003,465

NJAM closing liability	Opening balance	Addition	Repaid during the year	Fair valuation impact	Foreign exchange impact	Closing balance
September 30, 2020	\$ 344,378	\$ -	\$ (350,000)	\$ 109	\$ 5,513	\$ -
December 31, 2019	\$ -	\$ 543,278	\$ (122,148)	\$ (96,098)	\$ 19,346	\$ 344,378

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14. Fair value measurement (continued)

Level 3 hierarchy (continued):

ROSH closing liability	Opening balance	Addition	Repaid during the year	Fair valuation impact	Foreign exchange impact	Closing balance
September 30, 2020	\$ 221,940	\$ -	\$ (203,948)	\$ (28,083)	\$ 10,091	\$ -
December 31, 2019	\$ -	\$ 472,158	\$ (265,070)	\$ (61,932)	\$ 76,784	\$ 221,940

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

September 30, 2020

Description	Valuation technique	Fair value	Unobservable inputs
Promissory note payable	Monte Carlo simulation	\$ 5,388,106	(i)
Purchase consideration			

December 31, 2019

Description	Valuation technique	Fair value	Unobservable inputs
Promissory note payable	Monte Carlo simulation	\$ 4,033,465	(i)
Purchase consideration payables - NJAM	Monte Carlo simulation	344,378	(i)
Purchase consideration payables - ROSH	Monte Carlo simulation	221,940	(i)

(i) Please refer to the assumptions used in the tables of sensitivity analysis below.

As the valuation of financial instruments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

Key assumptions and sensitivities of Level 3 financial instruments are shown as follows:

A 5% change in the following assumptions will have the following impact on the fair value of promissory note as at September 30, 2020:

	Original	+5%	-5%
Share price volatility	\$ 5,388,106	\$ 5,425,795	\$ 5,353,782
Discount rate	5,388,106	5,351,254	5,425,602

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14. Fair value measurement (continued)

Level 3 hierarchy (continued):

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

	Original	+5%	-5%
Share price volatility	\$ 4,003,465	\$ 4,002,813	\$ 4,004,340
Discount rate	4,003,465	3,984,029	4,023,125

A 5% change in the following assumptions will have the following impact on the fair value of consideration payable for NJAM as at December 31, 2019:

	Original	+5%	-5%
Asset volatility	\$ 344,378	\$ 337,462	\$ 337,522
Revenue forecast	344,378	344,714	330,986
Discount rate (cash coupon)	344,378	337,983	337,805

A 5% change in the following assumptions will have the following impact on the fair value of consideration payable for ROSH as at December 31, 2019:

	Original	+5%	-5%
Share price volatility	\$ 221,940	\$ 217,585	\$ 226,296
Asset volatility	221,940	230,478	213,403
Revenue forecast	221,940	226,499	217,382
Discount rate (shares)	221,940	221,438	222,443

15. Related party disclosures

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Chief Executive Officer ("CEO"), President, Chief Financial Officer ("CFO") and members of the Company's Board of Directors.

The amounts disclosed in the table below 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,	
	2020	2019	2020	2019
Salary and short-term employee benefits	\$ 321,215	\$ 102,046	\$ 545,215	\$ 323,146
Share based compensation	192,826	85,784	292,338	336,164
Professional services	12,084	10,635	37,354	31,905
	\$ 526,125	\$ 198,465	\$ 874,907	\$ 691,215

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

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(Unaudited)

16. Segmented information

The Company has two reportable segments related to its software and clinic businesses which also align with the two countries in which it operates, namely, United States and Canada. Corporate costs are included in the Canadian segment. The disclosure with regards to the Company's aforementioned segments and locations are listed below:

Three months ended September 30, 2020	USA (Clinic)	Canada (Software)	Total
Revenue	\$ 3,249,533	\$ 60,595	\$ 3,310,128
Cost of sales	964,091	-	964,091
Gross profit	2,285,442	60,595	2,346,037
Total operating expenses	1,644,473	1,115,689	2,760,162
Income (loss) from operations	640,969	(1,055,094)	(414,125)
Foreign exchange loss	-	126,157	126,157
Change in fair value	-	932,206	932,206
Interest on lease liabilities	36,304	882	37,186
Net income (loss)	\$ 604,665	\$ (2,114,339)	\$ (1,509,674)

Nine months ended September 30, 2020	USA (Clinics)	Canada (Software)	Total
Revenue	\$ 9,773,249	\$ 169,378	\$ 9,942,627
Cost of sales	3,082,437	-	3,082,437
Gross profit	6,690,812	169,378	6,860,190
Total operating expenses	5,230,131	3,054,309	8,284,440
Income (loss) from operations	1,460,681	(2,884,931)	(1,424,250)
Foreign exchange gain	-	(309,300)	(309,300)
Gain on debt settlement	-	(294,753)	(294,753)
Change in fair value	(27,974)	2,183,976	2,156,002
Interest on lease liabilities	126,287	3,897	130,184
Net income (loss)	\$ 1,362,368	\$ (4,468,751)	\$ (3,106,383)

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months periods ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

16. Segmented information (continued)

As at September 30, 2020	USA (Clinic)	Canada (Software)	Total
Non-current assets	\$ 7,250,829	\$ 600,799	\$ 7,851,628
Total assets	\$ 10,281,550	\$ 4,144,850	\$ 14,426,400
Total liabilities	\$ 2,775,002	\$ 6,064,990	\$ 8,839,992

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	1,999,452	1,848,504	3,847,956
Loss from operations	884,820	(1,803,934)	(919,114)
Foreign exchange loss	-	170,884	170,884
Change in fair value	-	95,557	95,557
Interest on lease liabilities	48,905	2,426	51,331
Net loss	\$ 835,915	\$ (2,072,801)	\$ (1,236,886)

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	6,645,234	4,561,710	11,206,944
Loss from operations	550,442	(4,506,670)	(3,956,228)
Foreign exchange loss	-	169,350	169,350
Reverse takeover transaction cost	-	807,995	807,995
Change in fair value	-	491,811	491,811
Gain on debt settlement	-	(166,311)	(166,311)
Accretion on convertible notes	-	28,632	28,632
Interest on lease liabilities	152,302	8,255	160,557
Net loss before income taxes	398,140	(5,846,402)	(5,448,262)
Income taxes expense	61,795	-	61,795
Net loss	\$ 336,345	\$ (5,846,402)	\$ (5,510,057)

SKYLIGHT HEALTH GROUP INC. (formerly CB2 Insights Inc.)**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months periods ended September 30, 2020 and 2019****(Expressed in Canadian Dollars)****(Unaudited)**

16. Segmented information (continued)

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

17. Subsequent events

(i) During October 2020, shareholders exercised 3,630,000 warrants at an exercise price of \$0.20 per share.

(ii) On October 7, 2020, the Company closed a binding agreement to acquire the assets of Maverick County Medical Family Center, P.A., a Texas-based Primary Care Medical & Wellness Clinic, for a cash consideration of US\$750,000 with 50% paid upfront and the remaining 50% due 6 months from the date of the transaction.

(iii) On October 19, 2020, a shareholder exercised 153,030 options at an exercise price of \$0.165 per share.

(iv) On October 28, 2020, the Company closed a binding agreement to acquire the assets of Micheal R. Jackson, M.D., P.S., a Washington-based Primary Care Clinic, for a cash consideration of US\$280,000 payable on the closing date.

(v) On October 29, 2020, the Company issued 10,412,250 shares valued at \$0.38 per share to extinguish the promissory note payable. The Company also paid, in cash, the interest accrued on the promissory note payable from July 1, 2020 to October 19, 2020 amounting to US\$72,987.

(vi) On November 11, 2020, a shareholder exercised 20,000 options at an exercise price of \$0.165 per share.

(vii) On November 19, 2020, the Company closed a bought deal offering with a syndicate of underwriters (the "Underwriters") co-led by Echelon Capital Markets ("Echelon") and Beacon Securities Limited, and including Canaccord Genuity Corp., Mackie Research Capital Corp., Leede Jones Gable Inc. and PI Financial Corp., and pursuant to which the Underwriters were issued, on a bought deal basis with full exercise of the underwriters' over-allotment option, 12,236,000 shares of the Company at a price of \$0.47 per share for aggregate gross proceeds to the Company of \$5,750,920. The company also incurred transaction cost of \$563,441 on the bought deal offering.

(viii) During October and November 2020, 5,454 options held by consultants expired.

(ix) On November 27, 2020, 2,550,000 options were issued to consultants at an exercise price of \$0.51 - \$0.60 per share.