



**Skylight Health Group Inc.  
(formerly CB2 Insights Inc.)  
Condensed Interim Consolidated Financial Statements (Restated)  
March 31, 2021  
(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 months ended March 31, 2020 have not been reviewed by the Company's auditors.

The unaudited condensed interim consolidated financial statements have been re-filed to correct identified errors related to the accounting treatment of certain revenue transactions. See note 20 for further details.

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

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

|   |         | (Restated – Note 20) |                   |
|---|---------|----------------------|-------------------|
|   |         | March 31, 2021       | December 31, 2020 |
|   |         | \$                   | \$                |
| <b>ASSETS</b>                                     |         |                      |                   |
| <b>Current assets</b>                             |         |                      |                   |
| Cash  |         | 15,247,699           | 20,051,734        |
| Restricted cash                                   | Note 6  | 2,766,500            | —                 |
| Inventories                                       |         | 30,899               | 31,319            |
| Trade and other receivables                       | Note 8  | 1,752,499            | 528,827           |
| Prepaid expenses                                  |         | 437,395              | 749,201           |
| <b>Total current assets</b>                       |         | <b>20,234,992</b>    | <b>21,361,081</b> |
| <b>Non-current</b>                                |         |                      |                   |
| Furniture and equipment                           | Note 9  | 122,744              | 88,229            |
| Right-of-use assets                               | Note 10 | 6,145,058            | 1,325,087         |
| Computer software and technology                  | Note 11 | 1,088,041            | 1,129,117         |
| Other intangible assets                           | Note 12 | 10,674,859           | 5,344,131         |
| Goodwill  | Note 12 | 4,140,120            | 2,224,432         |
| <b>Total assets</b>                               |         | <b>42,405,814</b>    | <b>31,472,077</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |         |                      |                   |
| <b>Current liabilities</b>                        |         |                      |                   |
| Accounts payable and accrued liabilities          | Note 13 | 1,753,165            | 1,123,275         |
| Loan payable                                      | Note 14 | —                    | 446,196           |
| Purchase consideration payable                    | Note 7  | 6,384,559            | 526,393           |
| Lease liabilities                                 | Note 10 | 735,595              | 618,601           |
| <b>Total current liabilities</b>                  |         | <b>8,873,319</b>     | <b>2,714,465</b>  |
| <b>Non-current</b>                                |         |                      |                   |
| Loan payable                                      | Note 14 | —                    | 315,907           |
| Lease liabilities                                 | Note 10 | 5,582,897            | 803,741           |
| <b>Total liabilities</b>                          |         | <b>14,456,216</b>    | <b>3,834,113</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                       |         |                      |                   |
| Share capital                                     | Note 15 | 45,865,441           | 43,454,107        |
| Warrant reserve                                   | Note 15 | 1,878,509            | 2,539,191         |
| Option reserve                                    | Note 15 | 5,307,413            | 4,349,184         |
| Share and units to be issued                      |         | 50,000               | 5,259             |
| Accumulated other comprehensive income            |         | 403,965              | 450,272           |
| Accumulated deficit                               |         | (25,555,730)         | (23,160,049)      |
| <b>Total shareholders' equity</b>                 |         | <b>27,949,598</b>    | <b>27,637,964</b> |
| <b>Total liabilities and shareholders' equity</b> |         | <b>42,405,814</b>    | <b>31,472,077</b> |

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

**Going concern (Note 2)**  
**Subsequent events (Note 19)**

# 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           |                    |
|--|------------------------------|--------------------|
|  | March 31,                    |                    |
|  | 2021                         | 2020               |
|  | (Restated –<br>Note 20)      |                    |
|  | \$                           | \$                 |
| <b>Revenues</b>  |                              |                    |
| Clinic   | 4,927,869                    | 2,890,887          |
| Contract research solutions  | 56,035                       | 26,893             |
| Software   | 6,412                        | 14,246             |
|  | <b>4,990,316</b>             | <b>2,932,026</b>   |
| Cost of sales  | 1,619,772                    | 1,030,331          |
| <b>Gross profit</b>  | <b>3,370,544</b>             | <b>1,901,695</b>   |
| <b>Operating Expenses</b>  |                              |                    |
| Salaries and wages   | 2,295,977                    | 1,390,959          |
| Office and administration  | 568,516                      | 376,601            |
| Marketing and business development   | 902,265                      | 56,569             |
| Professional fees  | 629,796                      | 226,354            |
| Rent   | 28,009                       | 68,119             |
| Share-based compensation   | 1,048,659                    | 314,070            |
| Depreciation and amortization  | 750,775                      | 614,148            |
| <b>Total operating expenses</b>  | <b>6,223,997</b>             | <b>3,046,820</b>   |
| <b>Loss from operations</b>  | <b>(2,853,453)</b>           | <b>(1,145,125)</b> |
| <b>Finance expenses</b>  |                              |                    |
| Foreign exchange loss  | 269,250                      | (664,933)          |
| Change in fair value of financial liabilities                                  | (36,486)                     | 454,857            |
| Accretion on purchase consideration payable and loan payable                   | 64,228                       | —                  |
| Interest on lease liabilities  | 116,638                      | 48,132             |
| Other income   | (869,787)                    | —                  |
| <b>Net loss</b>  | <b>(2,397,296)</b>           | <b>(983,181)</b>   |
| <b>Other comprehensive loss</b>  |                              |                    |
| Exchange difference on translation of foreign operations, net of tax           | (46,307)                     | (226,150)          |
| <b>Net loss and comprehensive loss</b>   | <b>(2,443,603)</b>           | <b>(1,209,331)</b> |
| <b>Basic and diluted net loss per common share</b>                             | <b>(0.068)</b>               | <b>(0.054)</b>     |
| <b>Weighted average number of common shares outstanding- basic and diluted</b> | Note 15<br><b>35,437,897</b> | <b>18,124,181</b>  |

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)

|   | Three months ended   |                  |
|---|----------------------|------------------|
|   | March 31,            |                  |
|   | 2021                 | 2020             |
|   | (Restated – Note 20) |                  |
|   | \$                   | \$               |
| <b>Operating activities</b>   |                      |                  |
| Net loss  | (2,397,296)          | (983,181)        |
| <b>Adjustments for items not affecting cash:</b>                    |                      |                  |
| Depreciation and amortization                                       | 750,775              | 614,148          |
| Unrealized foreign exchange loss (gain)                             | 87,119               | (670,156)        |
| Accretion on purchase consideration payable and loan payable        | 64,228               | —                |
| Interest on lease liabilities                                       | 116,638              | 48,132           |
| Share-based compensation  | 1,048,659            | 314,070          |
| Change in fair value of financial liabilities                       | (36,486)             | 454,857          |
| Other income related to loan payable                                | (866,637)            | —                |
| Other income related to gain on disposal of furniture and equipment | (3,150)              | —                |
| <b>Changes in non-cash working capital items:</b>                   |                      |                  |
| Inventories   | 34                   | 4,520            |
| Trade and other receivables   | (1,076,008)          | 18,275           |
| Prepaid expenses  | 305,554              | 11,912           |
| Accounts payable and accrued liabilities                            | 328,873              | 184,034          |
| <b>Cash used in operating activities</b>                            | <b>(1,677,697)</b>   | <b>(3,389)</b>   |
| <b>Investing activities</b>   |                      |                  |
| Purchase of furniture and equipment                                 | (38,200)             | —                |
| Proceeds from disposal of furniture and equipment                   | 4,339                | —                |
| Development of computer software                                    | (104,166)            | (122,609)        |
| Purchase consideration paid   | (1,274,926)          | —                |
| <b>Cash used in investing activities</b>                            | <b>(1,412,953)</b>   | <b>(122,609)</b> |
| <b>Financing activities</b>   |                      |                  |
| Shares issued and to be issued for cash                             | 1,292,316            | 407,950          |
| Principal payment of lease liabilities                              | (199,509)            | (215,485)        |
| Interest paid on lease liabilities                                  | (116,638)            | (48,132)         |
| Repayment of related parties  | —                    | (4,592)          |
| <b>Cash provided by investing activities</b>                        | <b>976,169</b>       | <b>139,741</b>   |
| <b>Net (decrease) increase in cash during the period</b>            | <b>(2,114,481)</b>   | <b>13,743</b>    |
| Effect of foreign exchange on cash                                  | 76,946               | 56,291           |
| Cash and cash equivalents, beginning of period                      | 20,051,734           | 130,273          |
| <b>Cash and cash equivalents, end of period</b>                     | <b>18,014,199</b>    | <b>200,307</b>   |
| <b>Cash and cash equivalents comprised of:</b>                      |                      |                  |
| Cash  | 15,247,699           | 200,307          |
| Restricted cash   | 2,766,500            | —                |
| <b>Cash and cash equivalents, end of period</b>                     | <b>18,014,199</b>    | <b>200,307</b>   |

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)

|   |                         |                   |                  |                  |                     | (Restated – Note 20)                   | (Restated – Note 20) | (Restated – Note 20) |
|---|-------------------------|-------------------|------------------|------------------|---------------------|--|----------------------|----------------------|
|   | Number of shares (000s) | Share Capital     | Warrant Reserve  | Option Reserve   | Shares to be issued | Accumulated other comprehensive income | Deficit              | Total                |
|   | #                       | \$                | \$               | \$               | \$                  | \$                                     | \$                   | \$                   |
| Balance, December 31, 2020                                  | 35,070                  | 43,454,107        | 2,539,191        | 4,349,184        | 5,259               | 450,272                                | (23,160,049)         | 27,637,964           |
| Shares issued on acquisition                                | 75                      | 449,000           | —                | —                | —                   | —                                      | —                    | 449,000              |
| Share-based compensation                                    | —                       | —                 | —                | 1,013,921        | —                   | —                                      | —                    | 1,013,921            |
| Shares issued and to be issued against exercise of warrants | 848                     | 1,844,269         | (660,682)        | —                | 46,640              | —                                      | —                    | 1,230,227            |
| Exercise of stock options                                   | 23                      | 118,065           | —                | (54,077)         | (1,899)             | —                                      | —                    | 62,089               |
| Options expired   | —                       | —                 | —                | (1,615)          | —                   | —                                      | 1,615                | —                    |
| Foreign currency translation                                | —                       | —                 | —                | —                | —                   | (46,307)                               | —                    | (46,307)             |
| Net loss for the period                                     | —                       | —                 | —                | —                | —                   | —                                      | (2,397,296)          | (2,397,296)          |
| <b>Balance, March 31, 2021</b>                              | <b>36,016</b>           | <b>45,865,441</b> | <b>1,878,509</b> | <b>5,307,413</b> | <b>50,000</b>       | <b>403,965</b>                         | <b>(25,555,730)</b>  | <b>27,949,598</b>    |

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<br>shares (000s)<br># | Share<br>Capital<br>\$ | Warrant<br>Reserve<br>\$ | Option<br>Reserve<br>\$ | Shares to<br>be issued<br>\$ | Accumulated other<br>comprehensive<br>income<br>\$ | Deficit<br>\$       | Total<br>\$      |
|---|---------------------------------|------------------------|--------------------------|-------------------------|------------------------------|--|---------------------|------------------|
| Balance, December 31, 2019  | 16,568                          | 12,224,770             | 3,356,534                | 1,552,361               | 334,903                      | 440,976  | (16,522,211)        | 1,387,333        |
| Shares issued for services  | 112                             | 69,685                 | —                        | —                       | —                            | —  | —                   | 69,685           |
| Share issuance costs - cash   | —                               | (6,250)                | —                        | —                       | —                            | —  | —                   | (6,250)          |
| Share-based compensation  | 249                             | 124,846                | —                        | 314,070                 | —                            | —  | —                   | 438,916          |
| Shares issued and to be issued in<br>settlement of accrued interest | 244                             | 115,907                | —                        | —                       | (2,660)                      | —  | —                   | 113,247          |
| Share issued in settlement of contingent<br>consideration           | 500                             | 350,000                | —                        | —                       | 203,948                      | —  | —                   | 553,948          |
| Shares issued and to be issued against                              | 907                             | 1,781,044              | (1,373,094)              | —                       | (213,333)                    | —  | —                   | 194,617          |
| Exercise of stock options exercise of<br>warrants                   | 135                             | 94,500                 | —                        | —                       | —                            | —  | —                   | 94,500           |
| Warrants and options expired  | —                               | —                      | (1,113,772)              | (12,519)                | —                            | —  | 1,126,291           | —                |
| Foreign currency translation  | —                               | —                      | —                        | —                       | —                            | (226,150)  | —                   | (226,150)        |
| Net loss for the period   | —                               | —                      | —                        | —                       | —                            | —  | (983,181)           | (983,181)        |
| <b>Balance, March 31, 2020</b>                                      | <b>18,715</b>                   | <b>14,754,502</b>      | <b>869,668</b>           | <b>1,853,912</b>        | <b>322,858</b>               | <b>214,826</b>                                     | <b>(16,379,101)</b> | <b>1,636,665</b> |

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

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

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and Covid-19 pandemic

Skylight Health Group Inc. ("SHG" or the "Company"), formerly CB2 Insights Inc. ("CB2"), 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 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 5520 Explorer Drive, Mississauga, Ontario, Canada, L4W 5L1.

On January 5, 2021, the Company's shares commenced trading on the TSX-V under the symbol "SHG" after getting voluntarily delisted from the Canadian Securities Exchange on January 4, 2021.

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

During the quarter ended March 31, 2021, the pandemic did not have a material impact on the Company's operations. While medical clinics had generally been deemed an essential business, the Company was able to switch to virtual appointments thereby reducing the impact on operations and enabled the Company to achieve savings in clinical operating expenses. As at March 31, 2021, the Company did not observe any impairment of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic. The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings and participation in virtual Company events, trade shows, customer meetings and other virtual events. In addition, as explained in note 14, the Company obtained a loan under the Paycheck Protection Program (PPP) offered by US Small Business Administration as part of COVID-19 relief measures which was forgiven on March 30, 2021.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

### 2. Basis of presentation

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to the preparation of interim condensed consolidated financial statements, including International Accounting Standards (IAS) 34, Interim Financial Reporting. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020, which were prepared in accordance with IFRS.

The Board of Directors approved these unaudited condensed interim consolidated financial statements on March 29, 2022. These unaudited condensed interim consolidated financial statements comply with IFRS.

The unaudited condensed interim consolidated financial statements were prepared on a going concern basis under the historical cost convention, except for promissory note payable and purchase consideration payable (only for acquisition performed during the year ended December 31, 2019) which are measured at fair value. Certain current period amounts have been reclassified to conform with the current year presentation.

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

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

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### *Going concern*

These condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with 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. The Company is subject to numerous risk factors that may impact its ability as a going concern, such as, but not limited to, governmental regulations, currency fluctuations, operational risks and extended and unforeseen issues resulting from the current COVID-19 pandemic.

As of the balance sheet date, the Company had an accumulated deficit of \$25,555,730 (restated) and negative cash flow from operations of \$1,677,697 for the three months ended March 31, 2021. The Company has positive working capital as of the balance sheet date of \$11,361,673 (restated). The Company has raised debt and equity financing through 2017 to 2021 in order to pursue acquisitions and platform development resulting in growth in its customer base. The Company expects that the investments it has made over this period will result in increased revenue and operating cash flow, however, the Company anticipates further investment and will require additional debt and/or equity financing in order to continue 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. The Company is not currently eligible to raise funds using a registration statement in the United States. These circumstances indicate the existence of a material uncertainty that may raise substantial doubt on the ability of the Company to meet its obligations as they come due, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

The 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 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 condensed interim consolidated statements of financial position. Such differences in amounts could be material.

The assessment of material uncertainties related to events and circumstances that may raise substantial doubt on the Company's ability to continue as a going concern involves significant judgment. In making this assessment, management considers all relevant information, as described above.

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

#### **New accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods except the below amendment:

#### Amendments to IAS 1 - Presentation of financial statements ("IAS 1")

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a Company might



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

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settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is currently evaluating the impact of this amendment.

#### 4. Acquisition of MCM

On October 6, 2020 (the "Closing Date"), the Company acquired 100% of the identified assets of Texas-based primary care services clinic group Maverick County Medical Family Center ("MCM"), P.A.

The aggregate purchase consideration comprised the following:

- \$497,700 (US\$375,000) cash paid on Closing Date.
- \$497,700 (US\$375,000) cash due in six months after the Closing Date. The amount was discounted to its present value and initially recorded at \$470,227 on the Closing Date using an effective interest rate of 12%. During the three months ended March 31, 2021, accretion expense amounting to \$12,652 and foreign exchange translation gain of \$5,816 was recorded leading to an outstanding amount of \$471,563. Subsequently, the amount was paid on April 6, 2021.

#### 5. Acquisition of APEX

On January 4, 2021 (the "Closing Date"), the Company acquired 100% of the identified assets of Colorado based primary care services clinic group Apex Family Medicine, LLC ("APEX"). The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with the APEX's workforce and is expected to be fully deductible for tax purposes.

The aggregate purchase consideration comprises the following:

- \$1,241,371 (US\$973,548) cash paid on Closing Date.
- \$1,115,713 (US\$875,000) cash payable in two instalments over a 6-months period. The amount was discounted to its present value and initially recorded at \$1,072,869 on the Closing Date using an effective interest rate of 11.2%. During the three months ended March 31, 2021, accretion expense amounting to \$28,422 and foreign exchange translation gain of \$15,000 was recorded leading to an outstanding amount of \$1,086,291 (US\$863,850). Subsequently, on April 5, 2021, the Company paid the first instalment of \$547,969 (US\$437,500).

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

## Notes to the Condensed Interim Consolidated Financial Statements

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The allocated purchase price calculation is as follows:

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|   |                  |
|---|------------------|
|   | \$               |
| Consideration - cash                      | 2,314,240        |
| Lease liabilities                         | 118,146          |
| Assumed liabilities                       | 36,936           |
| <b>Total consideration</b>                | <b>2,469,322</b> |
| <hr/>                                     |                  |
| <b>Identifiable assets acquired</b>       |                  |
| Customer relationships                    | 1,402,610        |
| Non-compete clause                        | 21,677           |
| Cash                                      | 36,936           |
| Accounts receivable                       | 125,659          |
| Right of use asset                        | 118,146          |
| <b>Total identifiable assets acquired</b> | <b>1,705,028</b> |
| <b>Total goodwill</b>                     | <b>764,294</b>   |
|   | <b>2,469,322</b> |

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Operating results have been included in these unaudited condensed interim consolidated financial statements from the Closing Date. APEX's revenue and net income for the period from the date of acquisition to March 31, 2021 included in the unaudited condensed interim consolidated statements of loss and comprehensive loss are \$340,601 (restated) and \$113,852 (restated), respectively.

### 6. Acquisition of RCMA

On February 3, 2021 (the "Closing Date"), the Company acquired 100% of the identified assets of River City Medical Associates ("RCMA"), Inc., a Florida corporation. The Company determined that the acquisition was a business combination under IFRS 3 – Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. The goodwill acquired is associated with the RCMA's workforce and is expected to be fully deductible for tax purposes.

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The aggregate purchase consideration comprises the following:

- \$287,532 (US\$224,933) cash paid on Closing Date.
- \$139,397 (US\$109,049) cash payable within 120 days after the Closing Date being the amount withheld from the purchase consideration for liabilities prior to closing date. The amount was discounted to its present value and initially recorded at \$137,034 (US\$107,200) on the Closing Date using an effective interest rate of 10.9%. An accretion expense amounting to \$nil was recorded on this amount during the three months ended March 31, 2021 leading to an outstanding amount of \$134,804 (US\$107,200). Subsequently, on April 27, 2021, the Company released this amount.
- \$2,812,260 (US\$2,200,000) funds held in an Escrow Account to be released once the conditions stipulated in the Transition Services Agreement have been complied with within two months after the Closing Date. Subsequently, on April 22, 2021, the Company released this amount. During the three months ended March 31, 2021, foreign exchange translation gain of \$45,760 was recorded leading to an outstanding amount of \$2,766,500.
- 74,833 common shares in the Company valued at 10-day VWAP of \$1.2785 per share amounting to \$478,372 (US\$373,204) to be issued on Closing Date. The amount was recognized at the fair value of the consideration amounting to \$492,146 (US\$385,000) on the Closing Date.
- Variable number of common shares in the Company amounting to \$1,908,246 (US\$1,492,800) to be issued in five equal instalments within 15 months after the Closing Date. The number of shares will be determined based on the share price on each instalment date. The amount was discounted to its present value and initially recorded at \$1,892,012 (US\$1,480,100) on the Closing Date using an effective interest rate of 15%. During the three months ended March 31, 2021, accretion expense amounting to \$3,290 and foreign exchange gain of \$30,808 was recognised leading to an outstanding amount of \$1,864,494.

The allocated purchase price calculation is as follows:

|   |                  |
|---|------------------|
|   | \$               |
| Consideration – cash                      | 3,236,826        |
| Consideration – shares                    | 2,384,158        |
| Lease liabilities                         | 3,800,383        |
| Assumed liabilities                       | 217,041          |
| <b>Total consideration</b>                | <b>9,638,408</b> |
| <b>Identifiable assets acquired</b>       |                  |
| Customer relationships                    | 3,617,589        |
| Brand and trademarks                      | 705,622          |
| Non-compete clause                        | 56,245           |
| Cash                                      | 217,041          |
| Furniture and equipment                   | 32,482           |
| Right of use asset                        | 3,800,383        |
| <b>Total identifiable assets acquired</b> | <b>8,429,362</b> |
| <b>Total goodwill</b>                     | <b>1,209,046</b> |
|   | <b>9,638,408</b> |

Operating results have been included in these unaudited condensed interim consolidated financial statements from the Closing Date. RCMA's revenue and net income for the period from the date of acquisition to March 31, 2021 included in the unaudited condensed interim consolidated statements of loss and comprehensive loss are \$963,094 (restated) and \$440,445 (restated), respectively. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue would have increased by \$661,371 (restated) and net loss would have decreased by \$128,216 (restated) for the three months ended March 31, 2021.

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### 7. Purchase consideration payable

|  |        | March 31,<br>2021 | December 31,<br>2020 |
|--|--------|-------------------|----------------------|
|  |        | \$                | \$                   |
| Healthcare Resource Management LLC (“HRM”) |        | 60,907            | 61,667               |
| MCM  | Note 4 | 471,563           | 464,726              |
| APEX                                       | Note 5 | 1,086,291         | —                    |
| RCMA                                       | Note 6 | 4,765,798         | —                    |
|  |        | <b>6,384,559</b>  | <b>526,393</b>       |

### 8. Trade and other receivables

|                                  | (Restated – Note 20) | March 31,<br>2021 | December 31,<br>2020 |
|----------------------------------|----------------------|-------------------|----------------------|
|                                  |                      | \$                | \$                   |
| Trade receivables                |                      | 1,408,063         | 287,561              |
| Harmonized sales tax recoverable |                      | 275,809           | 191,750              |
| Security deposits                |                      | 68,627            | 49,516               |
|                                  |                      | <b>1,752,499</b>  | <b>528,827</b>       |

The lifetime expected credit loss allowance for impairment is estimated based on the Company’s historical loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current as well as forecast direction of conditions. As at March 31, 2021, an expected credit loss of \$nil has been recognized.

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### 9. Furniture and equipment

|                                | Furniture      | Vehicles      | Computer Hardware | Leaseholds    | Equipment     | Total          |
|--------------------------------|----------------|---------------|-------------------|---------------|---------------|----------------|
|                                | \$             | \$            | \$                | \$            | \$            | \$             |
| <b>Cost</b>                    |                |               |                   |               |               |                |
| <b>As at December 31, 2020</b> | <b>128,740</b> | <b>21,972</b> | <b>115,673</b>    | <b>65,061</b> | <b>58,631</b> | <b>390,077</b> |
| Additions                      | 19,439         | —             | 11,782            | —             | 6,979         | 38,200         |
| Acquisition                    | —              | —             | —                 | —             | 32,482        | 32,482         |
| Disposal                       | —              | (21,847)      | —                 | —             | —             | (21,847)       |
| Net exchange differences       | (1,224)        | (125)         | (1,505)           | (803)         | (576)         | (4,233)        |
| <b>As at March 31, 2021</b>    | <b>146,955</b> | <b>—</b>      | <b>125,950</b>    | <b>64,258</b> | <b>97,516</b> | <b>434,679</b> |
| <b>Depreciation</b>            |                |               |                   |               |               |                |
| <b>As at December 31, 2020</b> | <b>92,872</b>  | <b>20,776</b> | <b>83,519</b>     | <b>57,238</b> | <b>47,443</b> | <b>301,848</b> |
| Depreciation                   | 10,173         | —             | 10,076            | 5,390         | 7,814         | 33,453         |
| Disposal                       | —              | (20,659)      | —                 | —             | —             | (20,659)       |
| Net exchange differences       | (731)          | (117)         | (1,097)           | (742)         | (20)          | (2,707)        |
| <b>As at March 31, 2021</b>    | <b>102,314</b> | <b>—</b>      | <b>92,498</b>     | <b>61,886</b> | <b>55,237</b> | <b>311,935</b> |
| <b>Net book value</b>          |                |               |                   |               |               |                |
| <b>As at December 31, 2020</b> | <b>35,868</b>  | <b>1,196</b>  | <b>32,154</b>     | <b>7,823</b>  | <b>11,188</b> | <b>88,229</b>  |
| <b>As at March 31, 2021</b>    | <b>44,641</b>  | <b>—</b>      | <b>33,452</b>     | <b>2,372</b>  | <b>42,279</b> | <b>122,744</b> |

### 10. Right-of-use assets and lease liabilities

#### Right of use assets

|                          | March 31,<br>2021 |
|--------------------------|-------------------|
| <b>Premises leases</b>   | <b>\$</b>         |
| <b>Beginning balance</b> | <b>1,325,087</b>  |
| Additions                | 1,256,742         |
| Acquisitions             | 3,918,529         |
| Depreciation             | (253,757)         |
| Lease incentives         | (23,446)          |
| Net exchange differences | (78,097)          |
| <b>Ending balance</b>    | <b>6,145,058</b>  |

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### Lease liabilities

|                          | March 31,<br>2021 |
|--------------------------|-------------------|
|                          | \$                |
| <b>Beginning balance</b> | <b>1,422,342</b>  |
| Additions                | 1,256,742         |
| Acquisitions             | 3,918,529         |
| Interest expense         | 116,638           |
| Lease payments           | (316,147)         |
| Net exchange differences | (79,612)          |
| <b>Ending balance</b>    | <b>6,318,492</b>  |
|                          | \$                |
| <b>Allocated as:</b>     |                   |
| Current                  | 735,595           |
| Non-current              | 5,582,897         |
|                          | <b>6,318,492</b>  |

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied was ranging from 10.9% to 12%.

### 11. Computer software and technology

|                                |                  |
|--------------------------------|------------------|
|                                | \$               |
| <b>Cost</b>                    |                  |
| <b>As at December 31, 2020</b> | <b>3,615,889</b> |
| Additions                      | 104,166          |
| Net exchange differences       | (211)            |
| <b>As at March 31, 2021</b>    | <b>3,719,844</b> |
| <b>Amortization</b>            |                  |
| <b>As at December 31, 2020</b> | <b>2,486,772</b> |
| Amortization                   | 145,234          |
| Net exchange differences       | (203)            |
| <b>As at March 31, 2021</b>    | <b>2,631,803</b> |
| <b>Net book value</b>          |                  |
| <b>As at December 31, 2020</b> | <b>1,129,117</b> |
| <b>As at March 31, 2021</b>    | <b>1,088,041</b> |

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### 12. Goodwill and other intangible assets

|                                   | Goodwill         | Customer relationships | Brand and trademarks | Non-competes clause | Total other intangibles |
|-----------------------------------|------------------|------------------------|----------------------|---------------------|-------------------------|
|                                   | \$               | \$                     | \$                   | \$                  | \$                      |
| <b>Cost</b>                       |                  |                        |                      |                     |                         |
| <b>Balance, December 31, 2020</b> | <b>2,224,432</b> | <b>4,075,611</b>       | <b>2,546,400</b>     | <b>46,537</b>       | <b>6,668,548</b>        |
| Acquisition                       | 1,973,340        | 5,020,199              | 705,622              | 77,922              | 5,803,743               |
| Net exchange differences          | (57,652)         | (128,065)              | (43,277)             | (1,810)             | (173,152)               |
| <b>Balance, March 31, 2021</b>    | <b>4,140,120</b> | <b>8,967,745</b>       | <b>3,208,745</b>     | <b>122,649</b>      | <b>12,299,139</b>       |
| <b>Amortization</b>               |                  |                        |                      |                     |                         |
| <b>Balance, December 31, 2020</b> | <b>—</b>         | <b>1,324,417</b>       | <b>—</b>             | <b>—</b>            | <b>1,324,417</b>        |
| Amortization                      | —                | 318,331                | —                    | —                   | 318,331                 |
| Net exchange differences          | —                | (18,468)               | —                    | —                   | (18,468)                |
| <b>Balance, March 31, 2021</b>    | <b>—</b>         | <b>1,624,280</b>       | <b>—</b>             | <b>—</b>            | <b>1,624,280</b>        |
| <b>Net book value</b>             |                  |                        |                      |                     |                         |
| <b>As at December 31, 2020</b>    | <b>2,224,432</b> | <b>2,751,194</b>       | <b>2,546,400</b>     | <b>46,537</b>       | <b>5,344,131</b>        |
| <b>As at March 31, 2021</b>       | <b>4,140,120</b> | <b>7,343,465</b>       | <b>3,208,745</b>     | <b>122,649</b>      | <b>10,674,859</b>       |

### 13. Accounts payable and accrued liabilities

|                     | March 31, 2021   | December 31, 2020 |
|---------------------|------------------|-------------------|
|                     | \$               | \$                |
| Accounts payable    | 762,628          | 484,893           |
| Accrued liabilities | 990,537          | 638,382           |
|                     | <b>1,753,165</b> | <b>1,123,275</b>  |

### 14. 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 an interest rate of 1% and the repayments would start from February 27, 2021 in equal monthly instalments over eighteen months. The PPP program allows for the loan to be forgiven if the disbursed amount is spent in accordance with specific guidelines. On December 1, 2020, the Company applied for loan forgiveness, and if approved, the loan amount would be reclassified as a government grant in the statements of loss and comprehensive loss.

The loan was measured at fair value on receipt date using effective interest rate method and the difference between the fair value and receipt amount was recorded as deferred income under accrued liabilities. This difference represents the benefit received by the Company due to reduced interest rate on the loan and over the term of the loan, this benefit will be recognized as other income in the statement of loss and comprehensive loss.

During the period ended March 31, 2021, the Company recognised an amount of \$13,976 as other income and \$19,864 as accretion expense on the loan. On March 30, 2021, the Company recognized \$852,661 as other income representing write-off of PPP loan after receiving approval of the forgiveness application.

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### 15. Share capital

- a) Authorized share capital

Unlimited number of voting common shares without par value

- b) Common shares issued

|   | Numbers of<br>common shares<br>(000s) | Share Capital     |
|---|---------------------------------------|-------------------|
|   | #                                     | \$                |
| <b>Balance, December 31, 2020</b>                                 | <b>35,070</b>                         | <b>43,454,107</b> |
| Shares issued in settlement of purchase consideration payable (i) | 75                                    | 449,000           |
| Shares issued against exercise of warrants (ii)                   | 848                                   | 1,844,269         |
| Exercise of stock options (iii)                                   | 23                                    | 118,065           |
| <b>Balance, March 31, 2021</b>                                    | <b>36,016</b>                         | <b>45,865,441</b> |

### 2021

- (i) During the period ended March 31, 2021, the Company issued 74,833 shares valued at \$6.00 per share in settlement of consideration payable for the acquisition of RCMA.

- (ii) During the period ended March 31, 2021, shareholders exercised 847,866 warrants at an exercise price with a range of \$1.00 to \$4.00 per share.

The fair value of the warrants exercised amounting to \$660,682 was reclassified from the Warrant reserve to Share capital.

- (iii) During the period ended March 31, 2021, shareholders exercised 23,254 options at an exercise price with a range of \$1.00 to \$4.00 per share.

The fair value of the options exercised amounting to \$54,077 was reclassified from the Option reserve to Share capital.

Subsequent to the period end on May 12, 2021, the Board of Directors approved a consolidation ("Share Consolidation") of its share capital on the basis of five existing common shares for one new common share. The Share Consolidation took effect on May 28, 2021. As a result of the Share Consolidation, the 180,079,704 common shares issued and outstanding at March 31, 2021 would be consolidated to 36,015,941 common shares outstanding. The Share Consolidation was previously approved by the shareholders at the Annual General Meeting held on February 22, 2021. All information in these consolidated financial statements is presented on a post-Share Consolidation basis, including comparatives.

The effect of the Share Consolidation on the issued and outstanding number of common shares, stock options and warrants outstanding at March 31, 2021 is as follows:



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|               | Balance before<br>share<br>consolidation | Balance after<br>share<br>consolidation |
|---------------|--|---|
|               | #  | #                                       |
| Common shares | 180,079,704                              | 36,015,941                              |
| Warrants      | 19,939,662                               | 3,987,932                               |
| Stock options | 14,290,607                               | 2,858,121                               |

### Warrants

During February 2021, the Company granted 700 warrants to a shareholder. These warrants are exercisable over a period of one year from the date of grant with an exercise price of \$4.00, vesting immediately.

A summary of the warrant activity for the periods ended March 31, 2021 and 2020 is as follows:

|                                   | Numbers of<br>warrants (000s) | Weighted<br>Average<br>Exercise Price |
|-----------------------------------|-------------------------------|---------------------------------------|
|                                   | #                             | \$                                    |
| <b>Balance, December 31, 2019</b> | <b>3,106</b>                  | <b>2.80</b>                           |
| Exercised                         | (907)                         | 3.20                                  |
| Expired                           | (1,175)                       | 2.00                                  |
| <b>Balance, March 31, 2020</b>    | <b>1,024</b>                  | <b>2.25</b>                           |
| <b>Balance, December 31, 2020</b> | <b>4,835</b>                  | <b>1.25</b>                           |
| Granted                           | 1                             | 4.00                                  |
| Exercised                         | (848)                         | 1.40                                  |
| <b>Balance, March 31, 2021</b>    | <b>3,988</b>                  | <b>1.20</b>                           |

At March 31, 2021, a summary of warrants outstanding and exercisable is as follows:

| Range of exercise prices | Number<br>outstanding<br>(000s) | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining Life |
|--------------------------|---------------------------------|--|---------------------------------------|
|                          | #                               | \$                                       | Years                                 |
| < \$1.00                 | 3,624                           | 0.95                                     | 1.61                                  |
| \$2.35 - \$2.50          | 99                              | 2.35                                     | 1.62                                  |
| \$4.00 - \$5.00          | 265                             | 4.50                                     | 1.31                                  |
|                          | <b>3,988</b>                    | <b>1.20</b>                              | <b>1.59</b>                           |

### Options

During February and March 2021, the Company granted 289,360 options to employees, directors and consultants. These options are exercisable over a period of 2 to 5 years from the date of grant with an exercise price ranging from \$6.50 to \$9.00. 153,360 options vested immediately and the rest will vest over 1 to 3 years.

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A summary of the options activity for the periods ended March 31, 2021 and 2020 is as follows:

|                                   | Numbers of<br>options (000s) | Weighted<br>Average Exercise<br>Price |
|-----------------------------------|------------------------------|---------------------------------------|
|                                   | #                            | \$                                    |
| <b>Balance, December 31, 2019</b> | 1,344                        | <b>1.90</b>                           |
| Expired                           | (21)                         | 0.95                                  |
| <b>Balance, March 31, 2020</b>    | <b>1,323</b>                 | <b>1.95</b>                           |
| <b>Balance, December 31, 2020</b> | 2,594                        | <b>2.15</b>                           |
| Granted                           | 289                          | 7.65                                  |
| Exercised                         | (23)                         | 2.75                                  |
| Expired                           | (2)                          | 2.30                                  |
| <b>Balance, March 31, 2021</b>    | <b>2,858</b>                 | <b>2.70</b>                           |

At March 31, 2021, a summary of stock options outstanding and exercisable is as follows:

| Range of exercise prices | Number<br>outstanding<br>(000s) | Weighted<br>Average<br>Exercise Price<br>(outstanding) | Weighted<br>Average<br>Remaining<br>Life | Number<br>exercisable<br>(000s) | Weighted<br>Average<br>Exercise<br>Price (exercisable) |
|--------------------------|---------------------------------|--|--|---------------------------------|--|
|                          | #                               | \$   | (years)                                  | #                               | \$   |
| < \$2.45                 | 1,217                           | 0.65   | 3.74                                     | 561                             | 0.65   |
| \$2.50 - \$4.95          | 1,214                           | 3.30   | 3.03                                     | 1,169                           | 3.30   |
| \$5.00 - \$7.45          | 200                             | 5.85   | 3.29                                     | 156                             | 5.70   |
| \$7.50 - \$9.00          | 227                             | 7.95   | 3.14                                     | 136                             | 7.55   |
|                          | <b>2,858</b>                    | <b>2.70</b>  | <b>3.36</b>                              | <b>2,022</b>                    | <b>3.05</b>  |

During the three months ended March 31, 2021, \$1,048,659 (three months ended March 31, 2020 - \$314,070) has been recognized as share-based compensation expense. The fair value of the granted options was calculated using the Black-Scholes model using an expected life ranging from 1 to 4 years, risk-free interest rate ranging from 0.12% to 0.68%, share price ranging from \$6.30 to \$8.90, volatility ranging from 111.7% to 130.7% and a dividend yield of 0%.

### 16. Fair value measurement

The Company classifies and subsequently measures cash, trade receivables, accounts payable and accrued liabilities, loan payable and purchase consideration 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.

There are no financial instruments which were measured at fair value in the condensed interim consolidated statements of financial position as at March 31, 2021.

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### 17. 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<br>March 31,<br>2021 | Three months ended<br>March 31,<br>2020 |
|---|---|---|
|   | \$                                      | \$                                      |
| Salary and short-term employee benefits | 222,656                                 | 103,385                                 |
| Share based compensation                | 87,656                                  | 142,078                                 |
|   | <b>310,312</b>                          | <b>245,463</b>                          |

### 18. Segmented information

The Company has two reportable segments related to its medical services and software and corporate 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 March 31, 2021                            | (Restated –<br>Note 20)   | Canada<br>(Software and<br>Corporate) | (Restated –<br>Note 20) |
|--|---------------------------|---------------------------------------|-------------------------|
|  | USA (Medical<br>Services) |                                       | Total                   |
|  | \$                        | \$                                    | \$                      |
| <b>Revenue</b>   | <b>4,927,869</b>          | <b>62,447</b>                         | <b>4,990,316</b>        |
| Cost of Sales  | 1,619,772                 | —                                     | 1,619,772               |
| <b>Gross profit</b>  | <b>3,308,097</b>          | <b>62,447</b>                         | <b>3,370,544</b>        |
| Total operating expenses                                     | 3,441,973                 | 2,782,024                             | 6,223,997               |
| <b>Income (loss) from operations</b>                         | <b>(133,876)</b>          | <b>(2,719,577)</b>                    | <b>(2,853,453)</b>      |
| Foreign exchange loss  | —                         | 269,250                               | 269,250                 |
| Change in fair value of financial liabilities                | (36,486)                  | —                                     | (36,486)                |
| Accretion on purchase consideration payable and loan payable | 64,228                    | —                                     | 64,228                  |
| Interest on lease liabilities                                | 116,588                   | 50                                    | 116,638                 |
| Other income   | (869,788)                 | 1                                     | (869,787)               |
| <b>Net income (loss)</b>                                     | <b>591,582</b>            | <b>(2,988,878)</b>                    | <b>(2,397,296)</b>      |

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| As at March 31, 2021      | (Restated –<br>Note 20)      | Canada<br>(Software and<br>Corporate) | (Restated –<br>Note 20) |
|---------------------------|------------------------------|---------------------------------------|-------------------------|
|                           | USA<br>(Medical<br>Services) |                                       | Total                   |
|                           | \$                           | \$                                    | \$                      |
| <b>Non-current assets</b> | 19,849,279                   | 2,321,543                             | 22,170,822              |
| <b>Total assets</b>       | 25,777,564                   | 16,628,250                            | 42,405,814              |
| <b>Total liabilities</b>  | 12,443,074                   | 2,013,142                             | 14,456,216              |

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

| As at December 31, 2020   | USA<br>(Medical<br>Services) | Canada<br>(Software and<br>Corporate) | Total      |
|---------------------------|------------------------------|---------------------------------------|------------|
|                           | \$                           | \$                                    | \$         |
| <b>Non-current assets</b> | 9,361,370                    | 749,626                               | 10,110,996 |
| <b>Total assets</b>       | 11,468,705                   | 20,003,372                            | 31,472,077 |
| <b>Total liabilities</b>  | 3,273,724                    | 560,389                               | 3,834,113  |

### 19. Subsequent events

- (i) On April 5, 2021 (the "Closing Date"), the Company acquired 100% of the membership interest of Colorado based Primary Care Clinic Group, Rocky Mountain for a total cash consideration of \$13,342,325 (US\$10,652,555) paid as follows:
- \$10,634,935 (US\$8,490,966) cash.
  - \$2,066,625 (US\$1,650,000) cash payable in three equal instalments over two years from the Closing Date. The amount was discounted to its present value and initially recorded at \$1,829,026 (US\$1,460,300).
  - \$640,765 (US\$511,589) cash payable after working capital.
- (ii) On May 13, 2021, the Company received conditional approval from The Nasdaq Stock Market LLC ("Nasdaq") to list its issued and outstanding common shares on Nasdaq. On May 25, 2021, the Company received a confirmation from the Nasdaq that its common shares will be able to commence trading on the Nasdaq Capital Market during the week of June 7, 2021, under the symbol "SLHG", subject to the Company meeting the applicable bid price requirement for listing during the period beginning on the date of the Company's share consolidation on May 28,

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

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2021 through the initial listing date. The Company will retain its listing on the TSX Venture Exchange under the symbol "SHG". The Company will continue to trade on the OTCQX under the symbol "SHGFF" until trading on the Nasdaq commences.

- (iii) On May 26, 2021, the Company closed a bought deal offering with a syndicate of underwriters (collectively the "Underwriters"). Pursuant to this, the Underwriters were issued, on a bought deal basis, with full exercise of the Underwriters' 15% over-allotment option, 1,970,360 common shares of the Company at a price of \$7.00 per common share for gross proceeds of \$13,792,520.
- (iv) On June 23, 2021 (the "Closing Date"), the Company acquired 100% of the identified assets of Florida based primary care group Doctors Center Inc. ("Doctors Center") for a total cash transaction value of \$2,752,288 (US\$2,240,000).
- (v) On July 13, 2021, the Company acquired 100% of the interest of ACO Partners LLC, a new Accountable Care Organization ("ACO") that will begin participating in the Medicare Shared Savings Program offered by the Centers for Medicare and Medicaid Services ("CMS") effective January 1, 2022 for a total cash consideration of \$312,850 thousand (US\$250,000). Subsequently, the Company determined it would not receive approval on the ACO application to the CMS by January 31, 2022. The cash paid on Closing Date of \$78,213 (US\$62,500) has been written off as of December 31, 2021 and no further amounts are payable.
- (vi) On September 16, 2021, the Company acquired 70% of the membership interest of Pennsylvania based Primary Care Clinic Group, Aspire Health Concepts, Inc. ("Aspire") for a total cash consideration of \$1,996,154 (US\$1,575,000).
- (vii) On October 29, 2021, the Company announced the execution of a Definitive Agreement with New Frontier Data to divest 100% of assets related to its legacy businesses Canna Care Docs and Relaxed Clarity ("Legacy Business"). Terms of the transaction will be total cash consideration of \$11,124,080 (US\$8,628,000). Payment terms will include cash on closing of \$5,157,200 (US\$4,000,000), with the remainder of the balance paid over three installments at 12 months, 18 months and 24 months from the date of closing. The closing occurred on December 15, 2021 and a gain on disposal of \$5,641,511 was recognized.
- (viii) On December 6, 2021, the Company announced the closing of the registered offering of 275,000 9.25% Series A Cumulative Redeemable Perpetual Preferred Shares ("Series A Preferred Shares") at a price to the public of US\$21 per share for gross proceeds of US\$5,775,000. The Series A Preferred Shares trade on the Nasdaq Capital Market under the symbol "SLHGP".

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### 20. Restatement of condensed interim consolidated financial statements

#### Revenue

Subsequent to the original issuance of its condensed interim consolidated financial statements, the Company identified errors related to the accounting treatment of certain revenue transactions. The Company overstated revenue and accounts receivable due to not properly recording price concessions as a reduction of revenue. The Company concluded that the impact was material to the Company's condensed interim consolidated financial statements prepared according to IFRS and have restated the impact of these errors. The impact of these errors to the condensed interim consolidated financial statements was:

#### Line items in the restated condensed interim consolidated statement of financial position

|  | As at March 31,<br>2021 | Adjustment | As at March 31,<br>2021 - Restated |
|--|-------------------------|------------|------------------------------------|
|  | \$                      | \$         | \$                                 |
| Trade and other receivables                | 1,934,613               | (182,114)  | 1,752,499                          |
| Total current assets                       | 20,417,106              | (182,114)  | 20,234,992                         |
| Total assets                               | 42,587,928              | (182,114)  | 42,405,814                         |
| Accumulated other comprehensive income     | 402,733                 | 1,232      | 403,965                            |
| Accumulated deficit                        | (25,372,384)            | (183,346)  | (25,555,730)                       |
| Total shareholders' equity                 | 28,131,712              | (182,114)  | 27,949,598                         |
| Total liabilities and shareholders' equity | 42,587,928              | (182,114)  | 42,405,814                         |

#### Line items in the restated condensed interim consolidated statement of loss and comprehensive loss

|  | Three months<br>ended March<br>31, 2021 | Adjustment | Three months<br>ended March 31,<br>2021 - Restated |
|--|---|------------|--|
|  | \$                                      | \$         | \$   |
| Clinic   | 5,111,215                               | (183,346)  | 4,927,869  |
| Total revenue  | 5,173,662                               | (183,346)  | 4,990,316  |
| Gross profit   | 3,553,890                               | (183,346)  | 3,370,544  |
| Loss from operations   | (2,670,107)                             | (183,346)  | (2,853,453)  |
| Net loss   | (2,213,950)                             | (183,346)  | (2,397,296)  |
| Exchange difference on translation of foreign operations, net of tax | (47,539)                                | 1,232      | (46,307)   |
| Net loss and comprehensive loss                                      | (2,261,489)                             | (182,114)  | (2,443,603)  |
| Basic and diluted net loss per common share                          | (0.062)                                 | (0.006)    | (0.068)  |

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**Line items in the restated condensed interim consolidated statement of cash flows**

|                             | Three months<br>ended March<br>31, 2021 | Adjustment | Three months<br>ended March 31,<br>2021 – Restated |
|-----------------------------|---|------------|--|
|                             | \$                                      | \$         | \$   |
| Net loss                    | (2,213,950)                             | (183,346)  | (2,397,296)  |
| Trade and other receivables | (1,259,354)                             | 183,346    | (1,076,008)  |

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**Line items in the restated condensed interim consolidated statement of changes in shareholders' equity**

|                                 | Accumulated other<br>comprehensive<br>income | Accumulated<br>deficit | Total<br>shareholders'<br>equity |
|---------------------------------|--|------------------------|----------------------------------|
|                                 | \$   | \$                     | \$                               |
| As at March 31, 2021            | 402,733                                      | (25,372,384)           | 28,131,712                       |
| Adjustment                      | 1,232  | (183,346)              | (182,114)                        |
| As at March 31, 2021 - Restated | 403,965                                      | (25,555,730)           | 27,949,598                       |

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The restatement also resulted in adjustments being made to notes 2, 5, 6, 8 and 18.