

SKYLIGHT HEALTH GROUP INC. (SHG-TSXV)

Biotechnology

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Rapid Clinic Acquisition Mode 2021: Tripling Revenue, 3.5x EBITDA | Shifting U.S. Primary Care

RECOMMENDATION

We initiate coverage of Skylight Health Group Inc. (SHG-TSXV) with a **\$2.25 target price and Outperform (2) rating**.

SHG is a Toronto-headquartered healthcare services and technology company that operates a large and growing **U.S.-based multi-specialty primary healthcare network**, currently active in **16 U.S. states and serving ~150,000 patients**. SHG is in the process of **rapidly expanding its network through the strategic acquisition** of profitable primary care clinics and by way of data-driven expansion of service offerings, clinic capacity, and per-patient economics—targeting a revenue lift from \$150 per patient per year, to \$500-1000—driving **whole-system organic growth**.

As evidence of the company's aggressive yet prudent approach to M&A, SHG announced **6 acquisitions of primary care clinic groups during the last 6 months**, paying an average 3-5x TTM EBITDA. These acquisitions have been *transformative* for SHG, adding 19 clinics and 50,000 patients to its network, and **bolstering the company's annualized revenue run rate to ~\$46 mln** (pro forma). With a full deal pipeline, we expect **SHG should, again, materially boost its top line during the next few quarters**.

Revenue & EBITDA Estimates

In estimating **clinic revenue**, we assume a modest 1.5% QoQ organic growth rate, and layer on conservative assumptions of inorganic growth. For 2021, we estimate SHG management deploying \$5 mln of its remaining ~\$12 mln cash on hand toward the acquisition of 5 additional clinics in 3Q21—in addition to the 10 already announced, plus the **6 recently-added clinics in FL that were part of the SHG's River City Medical Associates ("RCMA") acquisition**—for a total **21 new clinics in 2021, and driving total clinic revenue for the year of \$41.6 mln (triple that of our 2020 revenue estimate)**.

For 2022 and 2023, we estimate the addition of 5 and 20 clinics, respectively—financed by income from operations—driving revenue of \$56.4 mln, and \$65.3 mln, respectively. We see SHG's small healthcare database analytic software business steadily growing from ~\$0.3 mln in 2020 to \$4.8 mln in 2023 as the company activates new customers and defines routes toward monetizing its large, longitudinal clinical datasets. From these combined revenues, and layering on historical COGS and OPEX margins, we estimate SHG will derive **EBITDA of \$5.8 mln and \$8.4 mln in 2021 and 2022, respectively, growing to \$10.7 mln through 2023**.

VALUATION

According to our revenue estimates, SHG trades at 5.5x and 4.6x 2022 and 2023 EV/Revenue, respectively, **representing a 10%-26% discount to peers**. As such, we derive an average EV/Revenue valuation of \$2.23/sh, which we round, and derive a **Target Price of \$2.25/sh**. Given that this represents a ~25% premium to SHG's current share price at the time of writing, we ascribe an **Outperform rating**. Please see our *Valuation* section for more details.

FEBRUARY 24, 2021 | 6:00 AM EST
INITIATING COVERAGE

Outperform 2
Target Price C\$2.25

Suitability High Risk/ Growth

MARKET DATA

Current Price (Feb-22-21)	C\$1.81
Market Cap (mln)	C\$322
Current Net Debt (mln)	C\$(13)
Enterprise Value (mln)	C\$323
Shares Outstanding (mln)	152.9
30-Day Avg. Daily Value (mln)	C\$1.8
Dividend	C\$0.00
Dividend Yield	0.0%
52-Week Range	C\$0.05 - C\$1.90

KEY FINANCIAL METRICS

	1Q	2Q	3Q	4Q
Revenue (mln) (C\$, Dec FY)				
2020E	3 A	4 A	3 A	3
2021E	5	12	12	14
2022E	14	15	15	15

	2020E	2021E	2022E
Revenue (mln) (C\$, Dec FY)			
	13	42	59
EV/Revenue (Dec FY)			
	24.2x	7.6x	5.5x
EBITDA (mln) (C\$, Dec FY)			
	1	6	8
EV/EBITDA (Dec FY)			
	NM	56.0x	38.3x

Source: Thomson One, Raymond James Ltd.
Quarterly figures may not add to full year due to rounding.

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SKYLIGHT HEALTH: TRANSFORMING PRIMARY CARE, BRICK BY BRICK

Skylight Health Group Inc. (SHG-TSXV), is a Toronto-headquartered healthcare services and technology company that operates a large, growing **U.S.-based multi-specialty primary healthcare network**, currently active in **16 U.S. states and serving ~150,000 patients**. SHG is in the process of **rapidly expanding its network through the strategic acquisition** of profitable primary care clinics and by way of a data-driven expansion of service offerings, clinic capacity, and per-patient economics—targeting a revenue lift from \$150 per patient per year, to \$500-1000—driving **whole-system organic growth**. As evidence of the company's aggressive approach to M&A, SHG announced **6 acquisitions of primary care clinic groups during the last 6 months**, paying an average 3-5x TTM EBITDA. These acquisitions have been *transformative* for SHG, adding 19 clinics and 50,000 patients to its network, and **bolstering the company's annualized revenue run rate to ~\$46 mln** (pro forma). With a full deal pipeline, we expect **SHG will, again, materially boost its top line during the next few quarters**.

SHG's Core: Data-driven Integration of Primary Care

SHG is driving measureable improvements in the quality of community-level healthcare while simultaneously mitigating healthcare costs (and operating a highly profitable business). What advantages SHG uniquely—and, in our view, what makes it a strong investment prospect—is its capacity to **empower independent primary clinics with health database analytic tools** (SHG's proprietary 'Sail' technology), remote patient monitoring platforms, and centralized back-office administration, enabling physicians to serve the needs of their particular patient populations best. **Sail is SHG's special sauce** and the core of what enables the company to run a large-scale, high-quality, multi-disciplinary clinic network efficiently and with the agility needed to address localized patient needs. *Sail* is SHG's engine that enables the holistic integration of optimized new clinics into SHG's national network, and, importantly, that drives healthcare service offering decisions. In this way, **Sail plays a key role in both SHG's organic and inorganic growth**. (See *Technology* section.)

Why We Like SHG

Organic Growth Potential: Primary care physicians are the gatekeepers of specialized, value-add healthcare services. Acknowledging this, SHG is building a national network of **multi-disciplinary one-stop shop clinics, where SHG's primary care physicians refer *in* to contracted specialists instead of referring *out***. This way, patient needs are met quickly and conveniently, with SHG keeping 100% of physician and specialist billings under its roof: an efficient, integrated strategy. SHG is building a multi-disciplinary primary care network that provides its patients a broad array of insurable medical offerings—a **US\$3 tln market**—while simultaneously providing affordable telehealth-based subscription services to America's population of **~40 mln un/underinsured patients**.

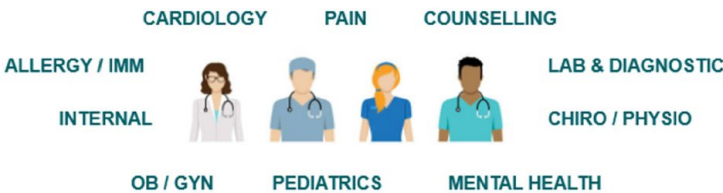
Inorganic Growth Potential: SHG's focus on acquiring clinics or clinic groups that produce \$5-30 mln in annual revenue **puts SHG in a sweet spot**; bigger players—the Oak Street Health (OSH-NASDAQ, covered by RJ&A Analyst, John Ransom), Privias, and VillageMDs of the world (both private)—tend not to spend time on this size of deal, while smaller players don't have the resources. **We believe SHG has the space and the pipeline to grow rapidly in the highly disaggregated primary care market**.

Tooling Up for the Big Show: SHG's [recent appointments](#) of Jerry Oliphant as COO—30 years' experience operating large healthcare systems such as Atrium Health (>900 care locations, 62k FTEs, US\$9 bln revenue) and Cleveland Clinic Health System (11 hospitals, 25k FTEs, US\$4 bln revenue)—and **Dr. Georges Feghali as CMO**—30 years of clinical experience and 17 years as CMO of TriHealth (5 hospitals, 12k FTEs with 560 multi-specialty physicians, US\$1.7 bln revenue)—**implies to us that SHG is tooling up for its evolution into an eminent, national-scale multi-disciplinary healthcare group**. The company's recent [application to list on the NASDAQ](#) tells us the same.

Technology-Empowered, Patient-Driven

Founded in 2014, SHG (f.k.a. CB2 Insights Inc.) **operates a large network of wholly-owned multi-specialty healthcare clinics in the U.S.** SHG’s clinic network provides patients a comprehensive menu of **conventional** and **integrative medical services** that includes primary care, urgent care, subspecialty care, allied healthcare, laboratory testing, and diagnostics. The primary care physician is, traditionally, the gatekeeper to value-add specialist services; SHG provides patients both the primary care physician and strategically-contracted specialists under one roof. Effectively executed, SHG’s model for care delivery should help **to lower the cost of healthcare delivery for public and private health systems** and focus on **population health management** for the overall improvement of patient health outcomes. As the SHG expands organically and by way of acquisition, SHG will incorporate additional services to patients that are both accessible and affordable.

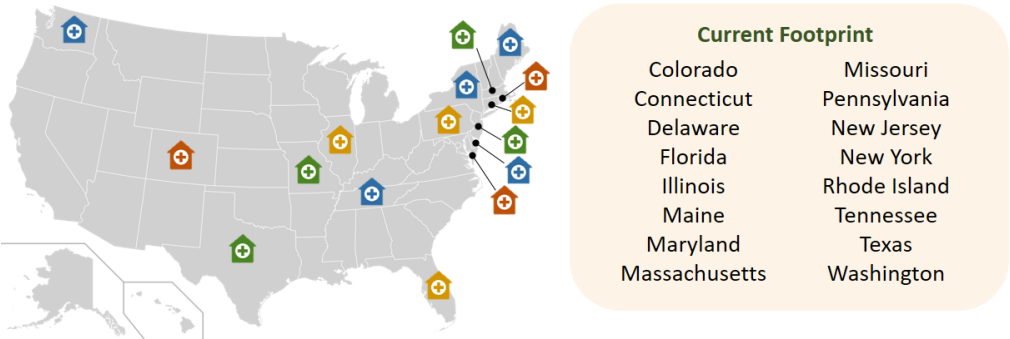
Exhibit 1: Multi-disciplinary Healthcare—The Primary Care Physician is Gatekeeper



Source: Skylight Health Group Inc.

Today, SHG **owns and operates medical clinics in 16 U.S. states** and serves a patient roster of **~150,000 per year** with quality, affordable, and accessible care (Exhibit 2). SHG’s rapid growth is being motivated by its succession of strategic acquisitions, the most recent of which was of [FL-based River City Medical Associates](#), which operates 6 primary and urgent care centers, and generates ~\$6 mln in revenue and \$1.35 mln in EBITDA annually.

Exhibit 2: SHG’s Clinic Footprint (as at Feb. 2020)



Source: Skylight Health Group Inc., Raymond James Ltd.


SHG empowers its clinics with **modern digital health technologies** built to optimize clinical operations and reduce the cost of healthcare delivery. This core of health technology enables SHG to efficiently operate its network using a **hybrid approach: in-clinic services** in situations where the physical presence of a healthcare provider best supports patients, and **virtual telemedicine** to support patients who may not need to travel or further expose themselves to risk by receiving equal quality of care from home. Using this multi-disciplinary approach, SHG brings primary care, sub-specialty, allied health and wellness, and laboratory/diagnostic services all under one roof for a rapidly expanding patient base.

Exhibit 3: Hybrid Healthcare Model—Virtual & In-Clinic Delivery

Care where you need it the most.

Our patient portal is your gateway to services when and where you need it. We offer remote patient monitoring and virtual telemedicine to support your healthcare needs outside the clinic.

[FIND A CLINIC](#)



Source: Skylight Health Group Inc.

We expect SHG to drive organic growth through: the transformative, **data-driven expansion of high-margin insurable services offerings (a US\$3 tln market)** across its clinic network; the launch of a **differentiated subscription-based health plan** for the **growing uninsured population (~40 mln Americans)**, and; driving the adoption of **virtual care and remote patient monitoring**, reserving in-clinic visits for new patient assessment and critical, high-value procedures.

Further, SHG has developed and now overlays its **proprietary ‘Sail’ technology platform on all of its clinics**. The platform enables the centralized operation of large clinic networks by analyzing patients’ electronic medical records and deriving population-based insights. **This healthcare database analytic tool allows SHG to deliver standardized top-quality primary care across its network of independent clinics** by providing clinical decision support, analytics on gaps in patients’ care, and by offering a vehicle for virtual care, electronic patient management, and billing support. Sail allows SHG to streamline the integration of independent medical clinics, to reduce the overall cost of healthcare delivery, and to drive efficiencies in patient management.

Currently, SHG currently earns an average of \$150 per patient per year (1 annual visit) via non-insured alternative medicine offerings, driving its ~CA\$13 mln revenue run rate and 10% EBITDA margin. With the company’s **expansion into insurable primary care and a broad range of subspecialty services**, SHG expects an average 3-4 visits per year per patient (\$500-1000 per patient per yer), resulting in improved services for patients and an improvement in the overall patient economics largely reimbursed through insurance payors. We believe **SHG’s organic growth combined with its aggressive M&A program will materially boost its top and bottom lines in the medium term**.

Primary Care in the U.S.: Escalating Costs; Quality & Accessibility Gaps

Annual U.S. healthcare expenditures (“HCE”) was estimated at **US\$3.8 tln** in 2019 and is expected to grow at **~5.4% per year, reaching US\$6.2 tln by 2028**¹. Government-funded health insurance programs—e.g. Medicare, Medicaid, TRICARE (military)—address ~53% (~US\$1.9 tln) of HCE, while private insurers address ~31% (~US\$1.2 tln). Complementary and integrative medicines (“CAM”; e.g. acupuncture, homeopathy, meditation, etc.) are frequently provided alongside or as alternatives to traditional medicines, but remain largely uncovered by insurers—mainly out-of-pocket for patients—and represent an estimated **US\$18 bln market**².

Healthcare Coverage Landscape

While the majority (~91%) of Americans have healthcare coverage for basic healthcare needs, there remains a population of **>40 mln uninsured individuals** challenged with financial insecurity and limited access to quality healthcare³. Rising unemployment rates arising from the COVID-19 pandemic are punctuating the need for and demand of accessible healthcare service models for the un/underinsured. COVID-19 has also exacerbated pre-existing challenges in healthcare accessibility for certain populations, particularly individuals that are more than 65+ years old (~30% of SHG’s patient population) and other vulnerable populations. The need for accessible and affordable telemedicine and digital health has never been more intense. **We believe SHG is uniquely positioned to address the needs of these diverse patient populations.**

Consolidating a Fragmented Industry

The U.S. healthcare outpatient market is highly fragmented market, with more than **70% of clinics and clinicians working independently or in small care groups**. There is a growing demand among primary care physicians—who tend to act as both physician and sole proprietor of their practices—for administrative and technological support of their clinics, while patients’ demand for high-standard, personalized primary care (and positive health outcomes) remains, of course, high.

Today’s trend toward the consolidation of primary care clinics to generate improved efficiencies, economies of scale, quality of services, and quality of care by legacy health networks has generated positive business outcomes but poor patient outcomes, leaving a wide quality gap in the primary care market. **SHG seeks to fill today’s healthcare quality gap by retaining a personalized approach to healthcare, focusing on patient health outcomes, and prioritizing accessibility and affordability, all while benefiting from scale and size: a disruptive alternative to legacy health networks.**

¹<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>

²<https://www.ibisworld.com/united-states/market-research-reports/alternative-healthcare-providers-industry/>

³ US Healthcare Coverage and Spending. Congressional Research Service. April 2020

SHG's Business Model

Multi-disciplinary Medical Clinics: Traditional and Integrative Care

SHG is evolving its large alternative care services network to include a diverse offering of insurable primary care and subspecialty healthcare services. With rich experience in clinical practice management, SHG's goal is to create a **one-stop-shop to provide its ~150,000 annual patients with end-to-end traditional and integrative healthcare**. Today, SHG medical clinics offer primary care, urgent care, subspecialty care, and wellness services such as chiropractic, physiotherapy, and other allied healthcare for patients. Given that primary care physicians are typically the gatekeepers of specialized, value-add healthcare services, SHG is building a national network of **multi-disciplinary clinics, where its primary care physicians refer *in* to contracted specialists instead of referring *out***. This way, patient needs are met quickly and conveniently, with SHG keeping 100% of physician and specialist billings under its roof: an efficient, integrated strategy.

SHG's historical revenue was generated predominantly through uninsured integrative medical services. SHG's decision to transform its business to focus on insurable service offerings such as primary and urgent care introduces the company to a >US\$3 tln market in the U.S. Under its former integrative service model, SHG earned an annual average of **CA\$150 per patient**; simply expanding into the provision of insurable services, SHG estimates revenue growing to an annual average of **CA\$500-1000 per patient**. Offering multi-specialty healthcare services provides SHG an opportunity to acquire greater market share of total spending on health services from legacy competitors, potentially driving SHG to a blue-sky annual revenue of **CA\$5000 per patient**.

To address growing un/underinsured populations, SHG has implemented a fixed-cost subscription model (CA\$199 per year) to support patient access to urgent care services via telemedicine. With these technology-enabled services in place, physical medical clinics will be designed to focus on comprehensive care, chronic disease management, and health promotion/education.

Technology & Research: Health Data Analytics Platform

SHG is committed to advancing the study of longitudinal health outcomes for patients through its investment in health data analytics and clinical research services. The bedrock of SHG's mission to drive measurable improvements in community-level care is its capacity to empower independent clinics with health database analytic tools—**SHG's proprietary 'Sail' technology**—virtual care platforms, centralized back-office administration, enabling primary care physicians to serve the needs of their specific patient populations best. SHG developed *Sail* in 2014 to support the evaluation of treatment outcomes in alternative healthcare settings. SHG has deployed its technology among contract partners' clinics in Canada, the U.S., the U.K., Australia, and Colombia, which has **amassed SHG one of the world's largest databases of real-world evidence ("RWE") of health outcomes derived from integrative medicine**.

Unleashing *Sail's* Power on SHG's Primary Healthcare Network, Nationwide

Focusing now on primary care, **SHG overlays each of its clinics with *Sail* technology**, which captures and structures data from patient electronic health records ("EHRs"), enabling robust analysis and care-improving insights. SHG uses *Sail* to optimize facets of clinic operations as broad as **patient flow** (identifying patterns in missed appointments and finding gaps in care), **patient engagement and virtual care** (aiming for 80% virtual visits, reducing unnecessary physical visits and, thus, the cost of healthcare delivery), **billing** (driving immediate 15-20% revenue improvements in some cases), and, importantly, **health outcomes** (collecting and analyzing clinic-specific longitudinal data) and

bespoke community-level care (assessing a clinic's patient population and identifying areas of common need, driving decisions around location-specific service offerings or specialist contracts).

Sail is SHG's engine that identifies patient population-based acquisition targets, that enables the holistic, optimized integration of new clinics into SHG's national network, and, importantly, that drives healthcare service offering expansion decisions. In this way, ***Sail* plays a key role in both SHG's organic and inorganic growth. *Sail* is SHG's special sauce** and the core of what enables the company to run a large-scale, high-quality, multi-disciplinary clinic network efficiently and with the agility needed to address immediate patient needs.

SHG continues to augment the data *Sail* can draw insights from to provide value to its patients. A recent example of this is SHG's [roll-out of a hypertension-specific remote patient monitoring \("RPM"\) service in partnership with GatherMed](#) at its Washington clinic. Here, SHG will begin issuing GatherMed RPM devices to its patients with pre-identified hypertension (45% of American adults, or ~135 mln) to enable the SHG team to have quick access to blood pressure information and quickly engage with patients if data indicates they are at risk for an cardiovascular event. In this way, SHG and GatherMed are working with physician practices and insurance providers to reduce readmissions, improve outcomes, and increase patient satisfaction. RPM is, indeed, an insurable service, which today includes a US\$21 one-time reimbursement and up to US\$160 monthly reimbursement on a per-patient basis, potentially yielding US\$1,920 of SHG-collected insurance payments per patient per year. SHG estimates that ~40% of its 150,000 patients would qualify for this value-adding, organic growth-driving program.

Research Income

SHG's *Sail* platform presently empowers research in Canada, the U.S., the U.K., Australia, and Colombia, yielding the company small but growing recurring revenue from its software services. As SHG continues to collect patient-centric data through the continuum of patient care, the potential to commercialize this data to drive clinical decision-making and to improve patient outcomes continues to increase. The company has received more than 200 requests for its data from academia and industry, reflecting the value of this information for advancing personalized care. In July 2020, SHG launched the first series of monthly medical reports derived from real-world clinical treatments on a variety of healthcare conditions and treatment modalities. Each of these reports—called '**Health Pulse**'—are distributed monthly on a subscription basis and describe real-world evidence-based insights from a variety of conventional and integrative areas.

SHG is also working to establish contracts with leading pharmaceutical and biotechnology companies to support clinical research needs in the U.S. The combination of *Sail* and SHG's growing network of bricks-and-mortar primary care clinics situates the company well as a potential provider of **contract research services** for global partners interested in initiating clinical trials investigating traditional and integrative medical products. SHG continues to explore opportunities to provide academic and industry researchers a turnkey clinical research solution for all phases of interventional clinical investigation and post-marketing trials.

Growth Strategy

SHG aims to continue propelling its rapid growth trajectory with a **three-pronged strategy** of growth from current infrastructure, new services, and acquisitions, encompassing both **organic** and **inorganic growth**:

1. Conversion of large patient base from uninsured to insured healthcare services;
2. Expansion of healthcare service offerings and addition of subscription-based health program for un/underinsured patient population;
3. Strategic, accretive acquisitions to expand U.S. footprint.

Organic Growth

We anticipate SHG to demonstrate **material organic growth during the next 12 months** as it expands its medical services to its **patient roster of ~150,000** by adding traditional services covered by public and private payors alongside its alternative and integrative service offerings. With the addition of primary care and urgent care services SHG expects more visits per year for each patient, which will increase annual revenue per patient, using a hybrid care delivery approach: physical in-clinic services and virtual services via telemedicine, remote patient monitoring, and through its online patient portal. SHG envisions its virtual care offerings supporting patient access for its large population of aging patients in particular, who are most likely to have physical/ambulatory limitations and may seek to limit COVID-19 exposure.

Also empowered by SHG's IT infrastructure is its CA\$199/year fix-cost subscription virtual care service designed to address the ~40 mln Americans that are un/under-insured. This plan will provides patients access to unlimited urgent care via virtual care, mitigating their risk of accruing egregious healthcare costs and providing basic access healthcare professional. By expanding medical services to the uninsured, SHG taps into a largely unaddressed healthcare market in the U.S. and takes a step toward improving health outcomes for this underserved population.

Inorganic Growth

SHG has become one of the largest multi-specialty healthcare service providers in the U.S. through accretive and strategic acquisitions of medical clinics across 16 states. This strategy enables cost-efficient and immediate access to new markets, while driving significant economies of scale and improving SHG's overall profitability through integration and optimization: SHG is targeting 20% profit margin improvements of its recently acquired clinics after one year. SHG's recent acquisitions have been priced at 0.3-0.75x revenue, or 3-5x EBITDA and **SHG has in progress a deal pipeline that would add up to \$75 mln in annual revenue**, priced in the same range.

[SHG recently closed its acquisition of Florida-based River City Medical](#): a primary and urgent care clinic group comprising 6 clinics, added an estimated CA\$6 mln of annual revenue and CA\$1.35 mln of EBITDA to SHG's income statement. SHG also recently announced its [intention to acquire an unnamed 6-clinic network, which would add \\$20 mln in annual revenue and \\$3 mln in EBITDA](#): a transformative acquisition. Driven primarily by strategic acquisitions, **SHG's current revenue run rate has rapidly grown to ~\$46 mln.** (See Appendix II for all recent clinic acquisitions.)

VALUATION

We estimate total revenue as the sum of core clinic income plus its small legacy software business, and **value SHG based on a multiple of its average 2022 and 2023 EV/Revenue** as compared to peers.

Revenue Estimates

In estimating **clinic revenue**, we assume a modest 1.5% QoQ organic growth rate, and layer on conservative assumptions of inorganic growth. For 2021, we estimate SHG management deploying \$5 mln of its remaining ~\$12 mln cash on hand toward the acquisition of 5 additional clinics in 3Q21—in addition to the 10 already announced, plus the [6 recently-added clinics in FL that were part of the SHG's River City Medical Associates \("RCMA"\) acquisition](#)—for a total **21 new clinics in 2021**, and **driving total clinic revenue for the year of \$41.6 mln** (Exhibit 4). For 2022 and 2023, we estimate the addition of 5 and 20 clinics, respectively—financed by income from operations—**driving revenue of \$56.4 mln, and \$65.3 mln, respectively**.

Exhibit 4: Clinic Revenue Estimates

	FY2018	FY2019	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
Acquisitions				<i>Actual</i>		<i>Assumed</i>						<i>Assumed</i>		<i>Assumed</i>	<i>Assumed</i>
New Clinics			3	16		5		21				5	5	20	25
Total Consideration, mln			2.38	22.39		5.00		27.39				5.00	5.00	20.00	25.00
Cash, mln			2.38	20.49		3.30		23.79				3.30	3.30	13.20	16.50
Shares, mln			-	1.87		1.42		3.29				0.94	0.94	2.43	2.13
Issue Price				1.02		1.20						1.80		2.80	4.00
Value				1.90		1.70						1.70		6.80	8.50
Annualized Revenue Acquired, mln				28.50		6.25						6.25	6.25	21.05	26.32
Revenue Multiple, x				0.79		0.80						0.80		0.95	0.95
Annualized EBITDA Acquired, mln				4.85		1.11						1.11	1.11	4.55	5.56
EBITDA Multiple, x				4.62		4.50						4.50		4.40	4.50
EBITDA Margin, %				17.0%		17.8%						17.8%	17.8%	21.6%	21.1%
Clinic Revenue, mln	10.74	13.28	13.07	4.47	11.66	11.84	13.58	41.56	13.78	13.99	14.20	14.41	56.39	65.32	76.14

Source: Skylight Health Group Inc.; Raymond James, Ltd.

For SHG's **small software business**, we estimate revenue growing modestly over time based on accrual of larger health datasets and the slow acquisition of new customers. With the inclusion of software in the SHG's rapidly expanding installed base of clinics (see above), we expect SHG will monetize its software platform and data, so we **estimate software revenue reaching \$4.8 mln through 2023** (Exhibit 5).

Exhibit 5: Segmented Revenue Estimates: Clinics & Software

Segmented Results - USA Clinic Financials (F\$)	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
USA Clinic - Revenue, mm	10.7	13.3	2.9	3.6	3.2	3.3	13.1	4.5	11.7	11.8	13.6	41.6	13.8	14.0	14.2	14.4	56.4	65.3	76.1
USA Clinic - Cost of sales, mm	2.9	4.1	1.0	1.1	1.0	1.1	4.1	1.4	3.7	3.8	4.3	13.3	4.4	4.5	4.5	4.6	18.0	20.9	24.4
USA Clinic - Gross Profit, mm	7.9	9.2	1.9	2.5	2.3	2.2	8.9	3.0	7.9	8.1	9.2	28.3	9.4	9.5	9.7	9.8	38.3	44.4	51.8
USA Clinic - Total Operating Expenses, mm	7.8	11.9	1.9	1.7	1.5	1.8	6.9	2.5	6.4	6.5	7.5	22.9	7.6	7.7	7.8	7.9	31.0	35.9	41.9
USA Clinic - Income (Loss) from Operations, mm	0.0	(2.7)	(0.0)	0.9	0.8	0.4	2.0	0.6	1.5	1.5	1.8	5.4	1.8	1.8	1.8	1.9	7.3	8.5	9.9
Segmented Results - Canada Software (F\$)	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
Canada Software - Revenue, mm	0.0	0.1	0.0	0.1	0.1	0.1	0.3	0.1	0.2	0.2	0.3	0.8	0.4	0.6	0.5	0.9	2.4	4.8	7.3
Canada Software - Cost of sales, mm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada Software - Gross Profit, mm	0.0	0.1	0.0	0.1	0.1	0.1	0.3	0.1	0.2	0.2	0.3	0.8	0.4	0.6	0.5	0.9	2.4	4.8	7.3
Canada Software - Total Operating Expenses, mm	2.9	6.7	1.2	0.9	1.1	1.1	4.3	1.1	1.1	1.1	1.1	4.4	1.2	1.2	1.2	1.2	4.8	7.0	8.0
Canada Software - Income (Loss) from Operations, mm	(2.9)	(6.6)	(1.1)	(0.9)	(1.0)	(1.0)	(4.0)	(1.0)	(0.9)	(0.9)	(0.8)	(3.6)	(0.8)	(0.6)	(0.7)	(0.3)	(2.4)	(2.2)	(0.7)

Source: Skylight Health Group Inc.; Raymond James, Ltd.

Exhibit 6: Margin Analysis

Margin Analysis	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
COGS Margin, %	26.6%	30.5%	35.1%	29.4%	29.1%	31.1%	31.0%	31.1%	31.5%	31.5%	31.3%	31.4%	31.2%	30.7%	30.8%	30.1%	30.7%	29.8%	29.2%
Gross Margin, %	73.4%	69.5%	64.9%	70.6%	70.9%	68.9%	69.0%	68.9%	68.5%	68.5%	68.7%	68.6%	68.8%	69.3%	69.2%	69.9%	69.3%	70.2%	70.8%
Consensus Estimates - Gross Margin, %						69.6%	69.2%	69.0%	69.0%	70.0%	70.0%	69.9%	-	-	-	-	72.3%	74.0%	75.0%
S&M Margin, %	8.5%	7.9%	1.9%	1.3%	3.3%	5.0%	2.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
G&A Margin, %	77.2%	78.7%	70.3%	49.5%	49.3%	50.0%	54.2%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
OPEX Margin, %	85.7%	86.6%	72.3%	50.8%	52.7%	55.0%	57.1%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
EBITDA Margin, %	-12.3%	-17.1%	-7.4%	19.8%	18.2%	13.9%	11.9%	13.9%	13.5%	13.5%	13.7%	13.6%	13.8%	14.3%	14.2%	14.9%	14.3%	15.2%	15.8%

Source: Skylight Health Group Inc.; Raymond James, Ltd.

From these revenue estimates, we apply historical COGS and OPEX margin (Exhibit 6) s to derive our EBITDA estimates of \$5.8 mln and \$8.4 mln in 2021 and 2022, respectively, growing to \$10.7 mln through 2023 (Exhibit 7).

Exhibit 7: Pro Forma Income Statement

Revised Income Statement	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
Net Revenue	10.8	13.4	2.9	3.7	3.3	3.4	13.3	4.6	11.9	12.0	13.9	42.4	14.2	14.6	14.7	15.3	58.8	70.2	83.4
COGS	2.9	4.1	1.0	1.1	1.0	1.1	4.1	1.4	3.7	3.8	4.3	13.3	4.4	4.5	4.5	4.6	18.0	20.9	24.4
Gross Profit	7.9	9.3	1.9	2.6	2.3	2.3	9.2	3.2	8.1	8.2	9.5	29.1	9.7	10.1	10.2	10.7	40.8	49.3	59.0
OPEX	9.2	11.6	2.1	1.9	1.7	1.9	7.6	2.5	6.5	6.6	7.6	23.3	7.8	8.0	8.1	8.4	32.3	38.6	45.9
EBITDA	(1.3)	(2.3)	(0.2)	0.7	0.6	0.5	1.6	0.6	1.6	1.6	1.9	5.8	2.0	2.1	2.1	2.3	8.4	10.7	13.2
Adjusted EBITDA	(1.9)	(2.8)	(0.6)	0.4	0.3	0.5	0.6	0.6	1.6	1.6	1.9	5.8	2.0	2.1	2.1	2.3	8.4	10.7	13.2
Depreciation of Furniture and Equipment	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.8	4.9	4.4	4.5	14.5	3.9	3.6	3.3	3.0	15.9	12.6	19.6
Amortization of Intangibles	0.9	1.4	0.4	0.4	0.4	0.3	1.4	0.3	0.3	0.3	0.3	1.1	0.2	0.2	0.2	0.2	1.0	0.9	0.8
Depreciation of Right-of-use Assets	-	0.8	0.2	0.2	0.2	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-
SBC	0.5	1.1	0.3	0.1	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.9	0.9
Other Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One-time item	-	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	(2.9)	(9.3)	(1.1)	(0.0)	(0.2)	(0.6)	(1.5)	(0.4)	0.6	0.6	1.0	(10.7)	1.0	1.2	1.2	1.6	5.0	6.3	9.2
Consensus Estimates - EBIT						(0.6)	(1.8)	(0.3)	0.8	1.1	1.1	2.8	-	-	-	-	8.4	9.4	9.3
Interest expense	0.6	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	0.3	0.3	(0.7)	0.2	0.1	-	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-
One-time item	-	1.1	0.5	0.5	0.9	-	1.9	-	-	-	-	-	-	-	-	-	-	-	-
EBT	(3.8)	(10.9)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Current tax	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income from Continued Operation	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings to Preferred and Other Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income to Common Shareholders	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Adjustments for Convertible Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Diluted Net Income to Common Shareholders	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Non-GAAP Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP Adjustments for Dilutive Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Net Income	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Earnings Per Share - WAD	\$ (0.07)	\$ (0.14)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.05)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.05
Shares Outstanding - WAD	56.2	77.2	90.6	95.9	100.9	152.9	110.1	222.9	222.9	223.3	223.3	225.7	225.7	225.7	225.7	226.7	227.6	199.8	194.6

Source: Skylight Health Group Inc.; Raymond James, Ltd.

Comparables Analysis

Given SHG operates in a relatively mature industry, we undertake a comparables analysis of similarly-themed healthcare services companies to drive our valuation⁴. According to our revenue estimates,

Exhibit 8: Comparables Analysis

Company Name	All \$ Values in CAD			EV/Revenue		
	Current Price	Market Cap	Enterprise Value	2021	2022	2023
Oak Street Health	\$75.14	\$18,091	\$17,506	10.9x	7.0x	5.1x
1Life Healthcare (One Medical)	\$71.41	\$9,499	\$9,144	15.4x	12.5x	9.8x
RadNet	\$23.24	\$1,200	\$2,669	1.7x	1.6x	NA
Well Health	\$8.63	\$1,407	\$1,379	6.2x	4.1x	NA
Cloud MD	\$2.85	\$489	\$461	7.4x	5.1x	3.8x
Peer Average				8.3x	6.1x	6.2x
Skylight Health Group	\$1.81	\$322	\$323	7.6x	5.5x	4.6x
Relative to peers (+ Premium / - Discount)				(8%)	(10%)	(26%)
Implied Share Price	\$1.81			\$1.98	\$2.01	\$2.45
				Average: 2022-2023		\$2.23

Source: S&P Capital IQ, Raymond James Ltd.

SHG trades at 5.5x and 4.6x 2022 and 2023 EV/Revenue, respectively, **representing a 10%-26% discount to peers**. As such, we derive an average EV/Revenue valuation of \$2.23/sh (Exhibit 8) which we round, and derive a **Target Price of \$2.25/sh**. Given that this represents a ~25% premium to SHG's current share price at the time of writing, we ascribe an **Outperform rating**.

⁴ While the below comparable companies suit the purposes of this valuation, we acknowledge that some of SHG's truest peers are, at core, primary healthcare clinic operators such as VillageMD and Privia Health. Both of these are, unfortunately, privately held.

APPENDIX I: MANAGEMENT AND BOARD OF DIRECTORS

Source: Skylight Health Group Inc.

Management

Prad Sekar – CEO, Secretary, Director | Mr. Sekar has spent over 15 years in clinical practice management owning, operating and consulting with outpatient multi-disciplinary healthcare practices in Canada and the US. Mr. Sekar holds a BSc Hon from the University of the Ottawa and a MBA from Hult International Business School. Following a career in establishing and operating successful medical practices, Mr. Sekar began consulting with Canadian medical regulatory bodies and agencies to support their network of practitioners in the establishment and operation of medical clinics. Mr. Sekar is also a recognized professor with a registered program for Medical Office Assistants under the Ontario Ministry of Education.

Kash Qureshi – President, Chief Technology Officer and Director | As co-founder of SHG, Mr. Qureshi brings more than 20 years of extensive operational and entrepreneurial experience in the sales, commercial financing, technology, and the last 10 years directly involved in healthcare, wellness and health technology. An ardent cost-efficiency executive, Mr. Qureshi has focused on technology infrastructure, operational proficiencies, overall profitability, as well as acquisitions in a series of organizations throughout the healthcare sector.

Jerry Oliphant – Chief Operating Officer | Jerry is a national healthcare services operator with over 30 years of experience as Executive Vice President and COO of well-regarded healthcare companies. He most recently served as EVP and COO of Carolinas Healthcare System (now Atrium Health), the nation's most comprehensive public, not-for-profit system with >900 care locations, 7,600 licensed beds, and 62,000+ full time employees. Jerry previously spent 15 years with Cleveland Clinic Health System in Cleveland, OH; an 11-hospital system anchored by the Cleveland Clinic Foundation, which comprised 3,000 beds, employed 25,000+ FTEs and generated \$4 bln in annual net revenue during tenure. Jerry also served as EVP and COO of TriHealth, a joint operating venture between Catholic Health Initiatives and Bethesda Healthcare serving the greater Cincinnati market with 900+ beds across five hospitals, 12,000+ FTEs and \$1.7 bln in annual net revenue.

Dr. Georges Feghali – Chief Medical Officer | Dr. Feghali brings over 30 years of clinical experience and over 20 years in senior leadership positions within the healthcare system including as Chief Medical Officer at TriHealth, which currently generates >\$1.7 bln in revenue and holds over 23% inpatient market share in the Greater Cincinnati area. Dr. Feghali also served as COO at Emirates Hospitals Group (now Emirates Healthcare), where he participated in the rapid growth of the company, doubling its revenue from nearly AED 500 mln in 2017 to AED 1.1 bln in 2018. He also served as Chief Medical Officer at Al Noor Hospital group in Abu Dhabi, an LSE-listed company.

Pam Galassini – Chief Business Development Officer | Bringing over 20 years of experience in the pharmacy benefit management, insurance payor insights and pharmaceutical manufacturer industries, Ms. Galassini works to open up channels to bridge patient needs with insurance capabilities. Prior to joining Skylight Health, she was with Medco Health Solutions.

Dan Thompson – Chief Corporate Officer | Dan brings over 20 years of marketing experience with high-growth public and private technology companies. Dan built and led the marketing divisions for early-stage companies in retail, travel and payment technology. Dan graduated from Michigan State University with degrees in marketing and communications.

Board of Directors

Norton Singhavon – Chairman | Norton is the Founder, Chairman & CEO of GTEC Holdings and has extensive experience in capital investments, acquisitions, consolidations, and start-ups in Canada's private and public cannabis sector. He has deployed over \$100 mln into the North American cannabis industry and has been involved in numerous public M&A cannabis transactions and was an early stage advisor to major Licensed Producers, including Cronos Group.

Prad Sekar – CEO, Secretary, Director | Biography in *Management*

Kash Qureshi – President, Chief Technology Officer and Director | Biography in *Management*

Tom Brogan – Director | Tom Brogan brings 40 years of experience in aggregating anonymized healthcare data to create insights to support traditional pharmaceutical companies and for use in health economic studies. His innovations include a long list of applications that merge Real World Evidence with traditional healthcare protocols. Mr. Brogan is currently the CEO and Chairman at Vestrum Health, an electronic healthcare record data company which delivers information systems to pharmaceutical manufacturers, physician practices and other healthcare stakeholders. Prior to Vestrum Health, he was the founder of Brogan Consulting, which was acquired by IMS in 2010, now IQVIA, one of the world's largest Contract Research Organizations (CROs), following which Mr. Brogan continued on with as Vice President of Global Oncology at IMS Health.

Peter Cummins – Director | Peter has spent over two decades with Johnson & Johnson, including executive leadership roles overseeing research and development, product development, external innovation, regulatory affairs and hospital pharmacy across Canada, US, Europe and other regions. He has also served in Regulatory and Scientific Affairs at Procter & Gamble and was the Director of Pharmacy at Cambridge Memorial Hospital.

Grace Mellis – Director | Grace brings nearly three decades of strategy, finance, and capital markets experience with executive roles at JP Morgan Chase including as Head of International Strategy and as Investor Services CFO for EMEA. Ms. Mellis is also the former Chief Financial Officer at Greendot Corporation, a US\$3.1B market cap NYSE-listed company. She is also a mentor and investor with Techstars, a global start-up incubation platform.

APPENDIX II: CLINIC ACQUISITIONS

SHG (formerly CB2 insights) was incorporated on December 27, 2017 as a wholly owned subsidiary of Telferscot Resources Inc. On February 17, 2018, SHG entered into an arrangement agreement with Telferscot and other subsidiaries of Telferscot. On February 27, 2019, the company completed a reverse takeover (“RTO”) of MVC Technologies Inc. SHG holds directly or indirectly 100% of the issued and outstanding securities of MVC Technologies Inc. (“MVC”) a corporation incorporated under the OBCA. In the United States, SHG’s operations are carried out by MVC Technologies USA Inc. (“MVC USA”), a Delaware corporation and wholly-owned subsidiary of MVC.

Recent Acquisitions

(In descending order of acquisition date.)

River City Medical Associates

On February 4, 2021, SHG announced that it had completed its [acquisition of River City Medical Associates \(“RMCA”\) in Florida](#). RCMA is an established medical practice with 6 locations throughout Florida that, generated \$6 million in revenue and \$1.35 million in EBITDA during 2020. Total consideration value of US\$4.4 million for the acquisition representing a 4.1x EBITDA multiple. SHG will pay a transaction value of US\$4.4 million which is comprised of 66% cash all payable within 90 days of closing and 34% in common shares of the company released quarterly with 20% of the share consideration payable on closing representing 374,167 shares issued at a price of \$1.2785 and 5 installments quarterly for the remainder of the shares.

“US-based Health Group” (unnamed)

On January 7, 2021, SHG announced that it entered into a [Binding Letter of Intent \(LOI\) to purchase 100% of the shares of a 6-clinic U.S.-based Primary and Urgent Care group](#) for \$14.3 mln, representing a 4.7x EBITDA multiple. This group operates a network of 6 primary and urgent care centers. On an unaudited basis, the Clinic is expected to generate over \$20 mln in annual revenue and \$3 mln in EBITDA. For confidentiality reasons, the name and location of the group will remain undisclosed until the closing of the Transaction before the end of Q1 2021. The structure of the deal will include 40% cash (\$5.7 mln) from SHG and a 3-years seller’s note for the remaining 60% (\$8.58 mln) at an 8% interest rate. The Clinic has been operating an established and fast-growing network of primary care clinics and is actively credentialed with major insurance carriers.

APEX Family Medical

On January 5, 2021, SHG completed the [acquisition of APEX Family Medical](#) (“APEX”) in Denver Colorado. This acquisition strengthens SHG’s existing base of operations in the state. Apex has been operating in Denver for over 30 years and has a growing patient base of over 5,000 from its operations. Services to patients are comprehensive and include primary care and wellness including psychotherapy, massage therapy and acupuncture. APEX offers the Company the opportunity to expand insurable services to its existing base of 17,000 Colorado patients. SHG has acquired 100% of the assets of APEX for a total transaction value in cash of \$2.3 mln to be paid in installments over a 6-month transition period. APEX reported unaudited revenues in 2019 of \$2.5 mln and net income of \$500,000.

Healthcare Resources Management LLC (Perimeter Pain and Primary Clinic)

On December 30, 2020, SHG announced that it has closed on the [acquisition of Healthcare Resources Management LLC \(“HRM”\) which operates Perimeter Pain and Primary Clinic \(“Perimeter”\) in Cookeville, Tennessee](#). HRM has been operating Perimeter in Cookeville for over 7 years with strong patient retention. Services to patients include primary care, chronic pain management, interventional procedures, weight management, regenerative medicine and aesthetics. Services provided by

Perimeter are primarily reimbursed through insurance carriers including Medicare, Medicaid and other commercial payers. SHG has acquired 100% of the shares of HRM for a transaction value in cash of CA\$1.03 mln representing an EBITDA multiple of 2.6x. Perimeter reported unaudited revenues in 2019 of CA\$2.2 mln and net income of CA\$ 400,000.

Primary Care Clinic (assets of Dr. Michael R. Jackson)

On October 28, 2020, SHG announced it had closed a binding agreement to [acquire the assets of Michael R. Jackson, M.D., P.S., a Washington-based Primary Care Clinic](#), for a cash consideration of US\$280,000. As the second consecutive acquisition, SHG further expanded its footprint to 14 states while focusing on the core offering of primary care within its multi-disciplinary platform.

Maverick County Medical (MCM)

On October 7, 2020, SHG announced, that it had 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 cash consideration of US\$750,000 with 50% paid upfront and the remaining 50% due 6 months from the date of the transaction.

APPENDIX III: COVID-19 IMPACT

Excerpted from SHG's 3Q20 MD&A:

To date, the COVID-19 crisis has not materially impacted the SHG's operations, financial condition, cash flows and financial performance. In response to the outbreak, SHG has instituted operational and monitoring protocols to ensure the health and safety of its employees and stakeholders, which follow the advice of local governments and health authorities where it operates.

Over the next 12 months, SHG expects to begin reopening its clinics that were shut down due to the COVID-19 pandemic in March 2020. The reopening of these clinics, beginning in Q1 2021, will enable SHG to begin offering primary care services to its existing roster of patients. SHG also expects to be able to begin administering the COVID-19 vaccine(s) once available for patients in the U.S. through its physical clinics.

In April 2020, SHG qualified for relief funds in the United States due to the COVID-19 Pandemic. Total funds of US\$652,500 were received to support payroll and rent relief efforts. SHG expects that 100% of this loan will be forgiven and will make an application for forgiveness once its lender makes the required paperwork available. As such, the principal will not need to be repaid and there will be no interest charges. The funds used as part of the guidelines, provided support for SHG to withstand the initial impact to its brick-and-mortar services during the early impact of COVID-19 in March.

APPENDIX IV: RISKS AND UNCERTAINTIES

The selected risks detailed here are adapted from SHG's 2019 Annual Information Form:

- **Limited History of Operations:** SHG, while incorporated in November 2014, began carrying on business in 2017 and has only very recently begun to generate revenue. SHG is therefore subject to many of the risks common to early-stage enterprises including under-capitalization, cash shortages, limitations with respect to personnel, resources, and revenue.
- **Risks Associated with Acquisitions:** As part of SHG's overall business strategy, SHG may pursue select strategic acquisitions, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from SHG's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses.
- **SHG is dependent on its relationships with the Skylight Health PCs:** SHG is dependent on its relationships with the "Skylight Health PCs (Professional Corporations)", which are affiliated professional entities that SHG does not own, to provide healthcare services, and SHG's business would be harmed if those relationships were disrupted or if the arrangements with the Skylight Health PCs become subject to legal challenges. Due to the prevalence of the corporate practice of medicine doctrine, including in certain of the states where SHG conducts its business, it does not own the Skylight Health PCs and contracts for healthcare provider services for its members through administrative services agreements ("ASAs") with such entities. As a result, SHG's ability to receive cash fees from the Skylight Health PCs is limited to the fair market value of the services provided under the ASAs.
- **Medical and Digital Health Regulations across U.S. states:** SHG's ability to perform medical and digital health services in a particular U.S. state is directly dependent upon the applicable laws governing the practice of medicine, healthcare delivery and fee splitting in such locations, which are subject to changing political, regulatory and other influences. The extent to which a U.S. state considers particular actions to constitute the practice of medicine is subject to change and to evolving interpretations by medical boards and state attorneys general, among others, each of which has broad discretion. There is a risk that U.S. state authorities in some jurisdictions may find that SHG's contractual relationships with the Skylight Health PCs, which govern the provision of medical and digital health services and the payment of administrative and operations support fees, violate laws prohibiting the corporate practice of medicine and fee splitting.
- **Competition in Healthcare Information Systems:** The healthcare information systems market is highly competitive on a local, national, and international level. SHG believes the primary competitive factors in this market are: 1) quality service and support; 2) price; 3) product features, functionality and ease of use; 4) ability to comply with new and changing regulations; 5) ongoing product enhancements; and 6) reputation and stability of the vendor. There can be no assurance that SHG will successfully differentiate its products from the products of its competitors, or that the marketplace will consider the products of SHG to be superior to competing products.
- **Competition in Healthcare Clinics:** The industry is intensely competitive, and SHG competes with other companies that may have greater financial resources and facilities. Numerous other businesses are expected to compete in the clinic space and provide additional patient services. An increase in competition for patient evaluations and education may decrease prices and result in lower profits to SHG.

APPENDIX V: EQUITY INSTRUMENT DETAILS

We collect here details surrounding SHG's equity and debt instruments as at Sep. 30, 2020.

Exhibit 9: 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

Source: Skylight Health Group Inc.

Exhibit 10: Options

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

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

Source: Skylight Health Group Inc.

APPENDIX VI: FINANCIAL SUMMARY

Exhibit 11: Pro Forma Income Statement

Revised Income Statement	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
Net Revenue	10.8	13.4	2.9	3.7	3.3	3.4	13.3	4.6	11.9	12.0	13.9	42.4	14.2	14.6	14.7	15.3	58.8	70.2	83.4
COGS	2.9	4.1	1.0	1.1	1.0	1.1	4.1	1.4	3.7	3.8	4.3	13.3	4.4	4.5	4.5	4.6	18.0	20.9	24.4
Gross Profit	7.9	9.3	1.9	2.6	2.3	2.3	9.2	3.2	8.1	8.2	9.5	29.1	9.7	10.1	10.2	10.7	40.8	49.3	59.0
OPEX	9.2	11.6	2.1	1.9	1.7	1.9	7.6	2.5	6.5	6.6	7.6	23.3	7.8	8.0	8.1	8.4	32.3	38.6	45.9
EBITDA	(1.3)	(2.3)	(0.2)	0.7	0.6	0.5	1.6	0.6	1.6	1.6	1.9	5.8	2.0	2.1	2.1	2.3	8.4	10.7	13.2
Adjusted EBITDA	(1.9)	(2.8)	(0.6)	0.4	0.3	0.5	0.6	0.6	1.6	1.6	1.9	5.8	2.0	2.1	2.1	2.3	8.4	10.7	13.2
Depreciation of Furniture and Equipment	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.8	4.9	4.4	4.5	14.5	3.9	3.6	3.3	3.0	15.9	12.6	19.6
Amortization of Intangibles	0.9	1.4	0.4	0.4	0.4	0.3	1.4	0.3	0.3	0.3	0.3	1.1	0.2	0.2	0.2	0.2	1.0	0.9	0.8
Depreciation of Right-of-use Assets	-	0.8	0.2	0.2	0.2	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-
SBC	0.5	1.1	0.3	0.1	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.9	0.9
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One-time item	-	3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	(2.9)	(9.3)	(1.1)	(0.0)	(0.2)	(0.6)	(1.5)	(0.4)	0.6	0.6	1.0	(10.7)	1.0	1.2	1.2	1.6	5.0	6.3	9.2
<i>Consensus Estimates - EBIT</i>						<i>(0.6)</i>	<i>(1.8)</i>	<i>(0.3)</i>	<i>0.8</i>	<i>1.1</i>	<i>1.1</i>	<i>2.8</i>	-	-	-	-	<i>8.4</i>	<i>9.4</i>	<i>9.3</i>
Interest expense	0.6	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	0.3	0.3	(0.7)	0.2	0.1	-	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-
One-time item	-	1.1	0.5	0.5	0.9	-	1.9	-	-	-	-	-	-	-	-	-	-	-	-
EBT	(3.8)	(10.9)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Current tax	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income from Continued Operation	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings to Preferred and Other Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income to Common Shareholders	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Adjustments for Convertible Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Diluted Net Income to Common Shareholders	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Non-GAAP Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP Adjustments for Dilutive Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Net Income	(3.7)	(11.0)	(1.0)	(0.8)	(1.3)	(0.6)	(3.2)	(0.4)	0.6	0.6	0.9	(10.9)	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Earnings Per Share - WAD	\$ (0.07)	\$ (0.14)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.05)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.05
Shares Outstanding - WAD	56.2	77.2	90.6	95.9	100.9	152.9	110.1	222.9	222.9	223.3	223.3	225.7	225.7	225.7	225.7	226.7	227.6	199.8	194.6

Source: Skylight Health Group Inc.; Raymond James, Ltd.

Exhibit 12: Pro Forma Cash Flow Statement

Cash Flow Statement	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
CFO																			
Net loss for the period	(3.7)	(11.0)	(1.0)	(0.6)	(1.3)	(0.6)	(3.5)	(0.4)	0.6	0.6	0.9	1.7	0.9	1.2	1.2	1.5	4.8	6.2	9.0
Depreciation and amortization	1.0	2.3	0.6	0.6	0.6	0.3	2.2	1.1	5.1	4.6	4.8	15.6	4.2	3.8	3.5	3.3	16.9	13.4	20.4
Unrealized foreign exchange (gain) loss	0.3	0.3	(0.7)	0.2	0.1		(0.3)					-							
Accretion on convertible debentures	0.3	0.0	-	-	-		-					-							
Interest on lease liabilities	-	0.2	0.0	0.0	0.0		0.1					-							
Reverse takeover transaction cost	-	0.8	-	-	-		-					-							
Share-based compensation	0.5	1.1	0.3	(0.0)	0.3	0.2	0.8	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.9	0.9
Write-off of bad debt	-	-	-	0.0	-		0.0					-							
Change in fair value	-	0.4	0.5	0.8	0.9		2.2					-							
Gain on debt settlement	-	(0.2)	-	(0.3)	-		(0.3)					-							
Deferred income taxes	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss	-	3.6	-	-	-		-					-							
Shares issued for services	0.0	-	-	-	-		-					-							
Penalty on convertible debentures	-	-	-	-	-		-					-							
Interest on long-term debt	-	-	-	-	-		-					-							
CFO before WC	(1.5)	(2.4)	(0.2)	0.8	0.7	(0.1)	1.2	0.9	5.9	5.4	5.9	18.1	5.3	5.2	4.9	5.0	22.6	20.5	30.3
Inventories	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Trade and other receivables	(0.1)	(0.0)	0.0	0.1	0.0	(0.0)	0.1	(0.0)	(0.1)	(0.2)	(0.2)	(0.5)	(0.2)	(0.0)	(0.0)	(0.0)	(0.3)	(0.2)	(0.2)
Prepaid expenses	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Accounts payable and accrued liabilities	0.7	1.1	0.2	0.1	(0.1)	0.0	0.2	0.2	0.9	0.9	1.1	3.1	1.0	0.3	0.3	0.1	1.7	1.1	1.3
Income taxes	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from related parties	(0.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CFO	(1.1)	(1.1)	(0.0)	0.9	0.6	(0.1)	1.4	1.0	6.7	6.2	6.8	20.6	6.1	5.5	5.1	5.1	23.9	21.3	31.3
CFI																			
Purchase of furniture and equipment	(0.2)	(0.1)	-	-	-	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(7.2)	(1.8)	(1.8)	(1.8)	(1.8)	(7.6)	(8.1)	(9.6)
Development of computer software	(1.2)	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(1.0)	(1.1)	(1.9)
Purchase consideration paid	-	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of businesses, net	-	-	-	-	-	(2.4)	(2.4)	(20.5)	-	(3.3)	-	(23.8)	-	-	-	(3.3)	(3.3)	(13.2)	(16.5)
Disposal of businesses, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CFI	(1.4)	(1.8)	(0.1)	(0.1)	(0.1)	(4.3)	(4.7)	(22.5)	(2.0)	(5.3)	(2.0)	(31.8)	(2.0)	(2.0)	(2.0)	(5.3)	(11.9)	(22.4)	(28.0)
CFF																			
Repayment to related parties	-	0.0	(0.0)	(0.0)	(0.0)		(0.0)					-							
Shares and warrants issued and to be issued for cash	4.4	2.8	0.4	(0.2)	5.0		5.2					-							
Repayment of debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment of lease liabilities	-	(0.7)	(0.2)	(0.2)	(0.2)		(0.6)					-							
Interest paid on lease liabilities	-	(0.2)	(0.0)	(0.0)	(0.0)		(0.1)					-							
Proceeds from loan	-	-	-	0.9	-		0.9					-							
Proceeds from issuance of promissory note	3.3	0.8	-	-	-		-					-							
Repurchase of shares and warrants	(1.7)	-	-	-	-	18.8	18.8	-	-	-	-	-	-	-	-	0.9	0.9	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of convertible debt	(0.4)	-	-	-	-		-					-							
Repayment of promissory notes	(3.3)	-	-	-	-		-					-							
Issuance of convertible debentures	-	-	-	-	-		-					-							
Net CFF	2.3	2.7	0.1	0.4	4.8	18.8	24.1	-	-	-	-	-	-	-	-	0.9	0.9	-	-
FX	(0.3)	0.0	0.1	(0.1)	(0.3)		(0.3)					-							
Net Change in Cash Balance	(0.6)	(0.3)	0.1	1.1	5.0	14.5	20.6	(21.5)	4.7	0.9	4.8	(11.1)	4.1	3.5	3.1	0.8	13.0	(1.1)	3.3
Beginning Cash Balance	1.0	0.4	0.1	0.2	1.3	6.3	0.1	20.8	(0.7)	3.9	4.8	20.8	9.6	13.7	17.2	20.3	9.6	22.6	21.5
Ending Cash Balance	0.4	0.1	0.2	1.3	6.3	20.8	20.8	(0.7)	3.9	4.8	9.6	9.6	13.7	17.2	20.3	21.1	22.6	21.5	24.8

Source: Skylight Health Group Inc.; Raymond James, Ltd.

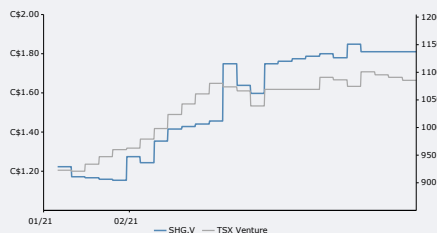
Exhibit 12: Pro Forma Balance Sheet

Balance Sheet	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	FY2022	FY2023	FY2024
Current Assets																			
Cash	0.4	0.1	0.2	1.3	6.3	20.8	20.8	(0.7)	3.9	4.8	9.6	9.6	13.7	17.2	20.3	21.1	22.6	21.5	24.8
Inventories	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Trade receivables	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4
Other receivables	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9	1.1
Trade and other receivables	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.4	0.6	0.7	0.7	0.9	1.0	1.0	1.0	1.0	1.2	1.5
Prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Receivable from related party	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	0.9	0.5	0.6	1.6	6.6	21.0	21.0	(0.4)	4.4	5.5	10.5	10.5	14.8	18.3	21.5	22.3	23.8	23.0	26.5
Non-Current Assets																			
Furniture and equipment	0.2	0.2	0.2	0.1	0.1	4.3	4.3	25.9	22.9	23.7	21.1	21.1	19.1	17.4	16.0	18.2	16.7	26.0	33.8
Right-of-use assets	1.5	1.6	1.6	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Total Intangibles	5.7	5.6	5.8	5.4	5.0	4.8	4.8	4.6	4.4	4.3	4.1	4.1	4.0	3.8	3.7	3.6	3.5	3.1	3.0
Goodwill	4.0	1.6	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Deferred tax	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	10.0	9.0	9.3	8.5	7.9	11.8	11.8	33.2	30.1	30.8	28.0	28.0	25.8	24.0	22.4	24.5	22.9	31.9	39.5
Total Assets	10.9	9.5	9.8	10.1	14.4	32.9	32.9	32.8	34.5	36.2	38.5	38.5	40.6	42.3	44.0	46.8	46.8	54.9	66.0
Current Liabilities																			
Accounts payable	0.5	1.2	1.4	1.3	0.8	0.8	0.8	0.9	1.4	2.0	2.7	2.7	3.2	3.4	3.5	3.6	3.6	4.2	4.8
Accrued liabilities	0.3	0.7	0.7	0.5	0.6	0.6	0.6	0.7	1.0	1.4	1.9	1.9	2.3	2.4	2.5	2.6	2.6	3.1	3.7
Accounts payable and accrued liabilities	0.8	1.8	2.1	1.8	1.4	1.4	1.4	1.6	2.5	3.4	4.5	4.5	5.5	5.8	6.1	6.2	6.2	7.3	8.5
Payable to related parties	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Promissory note payable	4.0	4.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan payable	-	-	-	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Purchase consideration payable	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	0.8	0.8	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Income taxes payable	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible debentures	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1.8	7.2	7.3	2.9	2.4	2.5	2.5	2.6	3.5	4.5	5.6	5.6	6.6	6.9	7.1	7.2	7.2	8.3	9.6
Non-Current Liabilities																			
Promissory note payable	3.3	-	-	4.5	5.4	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
Loan payable	-	-	-	0.6	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	0.9	0.9	0.9	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Purchase consideration payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current liabilities	3.3	0.9	0.9	5.8	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Total Liabilities	5.0	8.1	8.2	8.7	8.8	8.9	8.9	9.0	9.9	10.8	12.0	12.0	13.0	13.2	13.5	13.6	13.6	14.7	16.0
Shareholders' Equity																			
Share capital	7.8	12.2	15.9	15.2	19.1	37.9	37.9	37.9	37.9	37.9	37.9	37.9	37.9	37.9	37.9	38.8	38.8	38.8	38.8
Warrant reserve	2.7	3.4	0.9	1.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Option reserve	0.3	1.6	1.9	1.8	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Contributed surplus	-	-	-	1.1	1.9	2.1	2.1	2.3	2.5	2.7	3.0	3.0	3.2	3.4	3.6	3.8	3.8	4.7	5.6
Shares and units to be issued	0.1	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Equity component of convertible debentures	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated other comprehensive income	0.5	0.4	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Accumulated deficit	(5.5)	(16.5)	(17.5)	(18.1)	(19.4)	(20.0)	(20.0)	(20.5)	(19.9)	(19.3)	(18.4)	(18.4)	(17.5)	(16.3)	(15.1)	(13.6)	(13.6)	(7.4)	1.6
Total SE	5.8	1.4	1.6	1.4	5.6	24.0	24.0	23.8	24.6	25.4	26.5	26.5	27.7	29.1	30.4	33.1	33.1	40.2	50.1
Total Liabilities & SE	10.9	9.5	9.8	10.1	14.4	32.9	32.9	32.8	34.5	36.2	38.5	38.5	40.6	42.3	44.0	46.8	46.8	54.9	66.0

Source: Skylight Health Group Inc., Raymond James Ltd.

COMPANY DESCRIPTION

Skylight Health Group is a Toronto-headquartered healthcare services and technology company that operates a large, growing U.S.-based multi-specialty primary healthcare network. SHG is in the process of rapidly expanding its network through the strategic acquisition of profitable primary care clinics and by way of a data-driven expansion of service offerings, clinic capacity, and per-patient economics, driving whole-system organic growth.



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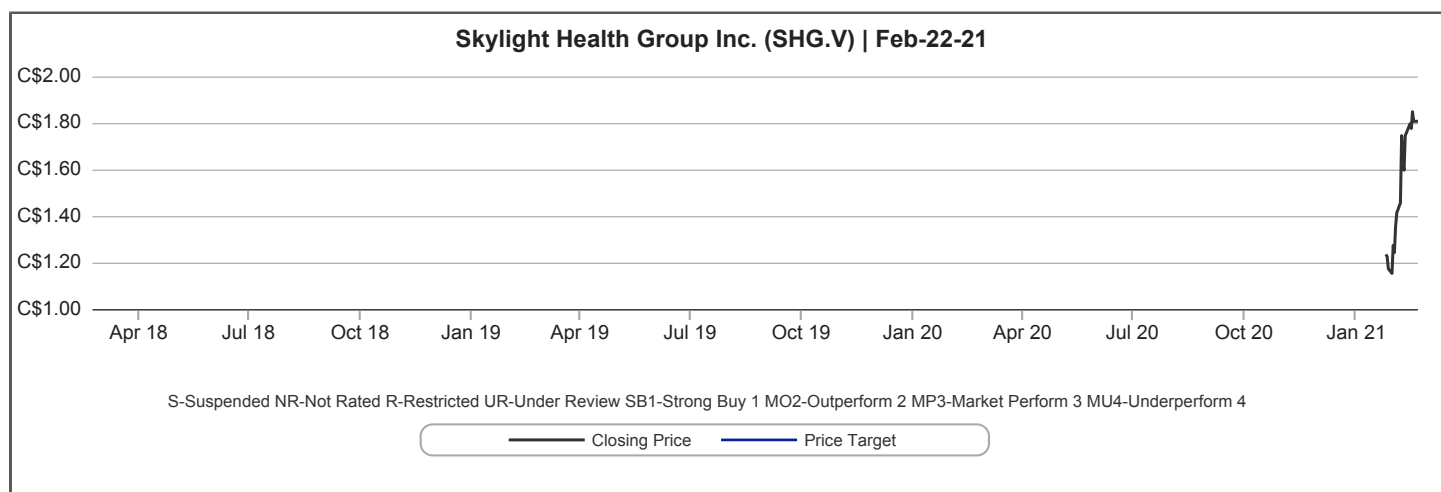
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Skylight Health Group Inc.

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Company Specific Risk Factors

Skylight Health Group Inc.

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