



**Nova Leap Health Corp.**

**Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 30, 2018 and 2017**

**(Unaudited)  
(United States dollars)**

# Nova Leap Health Corp.

## Condensed Consolidated Statement of Financial Position (Unaudited - United States dollars)

	June 30, 2018	December 31, 2017
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,545,000	136,820
Accounts receivable	1,253,284	269,947
Prepaid expenses	168,840	59,153
<b>Total current assets</b>	<b>2,967,124</b>	<b>465,920</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 4)	34,988	3,225
Intangible assets (note 5)	1,163,912	226,493
Goodwill (note 6)	6,259,198	2,116,500
Deferred income tax asset	144,308	102,308
<b>Total non-current assets</b>	<b>7,602,406</b>	<b>2,448,526</b>
<b>TOTAL ASSETS</b>	<b>10,569,530</b>	<b>2,914,446</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	808,823	452,890
Client deposits payable	75,572	99,463
Promissory note (note 8)	369,259	-
Demand loans (note 9)	3,181,791	540,545
<b>Total current liabilities</b>	<b>4,435,445</b>	<b>1,092,898</b>
<b>Non-current liabilities</b>		
Promissory note (note 8)	351,617	-
<b>TOTAL LIABILITIES</b>	<b>4,787,062</b>	<b>1,092,898</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common shares (note 10)	6,775,523	2,596,157
Warrants (note 11)	902,935	399,980
Contributed surplus (note 13)	202,461	107,975
Accumulated other comprehensive (loss) income	(147,118)	58,564
Deficit	(1,951,333)	(1,341,128)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,782,468</b>	<b>1,821,548</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>10,569,530</b>	<b>2,914,446</b>

Going concern (note 1)

Subsequent events (note 17)

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

Approved on behalf of the Board of Directors

“Michael O’Keefe”

(signed)

Director

“Christopher Dobbin”

(signed)

Director

# Nova Leap Health Corp.

## Condensed Consolidated Statement of Loss and Comprehensive Loss (Unaudited - United States dollars)

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	\$	\$	\$	\$
<b>Revenues</b>				
Net service revenue	2,425,066	39,836	3,690,087	79,967
<b>Operating expenses</b>				
Cost of Service	1,638,745	26,644	2,459,222	53,227
	<b>786,321</b>	13,192	<b>1,230,865</b>	26,740
<b>Corporate and administrative expenses</b>				
Head office and operations management	540,368	74,060	951,198	154,027
Corporate & administrative - other	202,387	104,275	411,461	204,075
Amortization (notes 4 and 5)	151,514	355	215,130	1,014
Stock based compensation	26,567	-	108,147	-
Impairment loss (note 5)	-	1,386	-	1,386
	<b>920,836</b>	180,076	<b>1,685,936</b>	360,502
<b>Loss from operating activities</b>	<b>134,515</b>	166,884	<b>455,071</b>	333,762
<b>Net finance, acquisition related expenses and foreign exchange</b>				
Finance income	-	2,405	-	2,595
Finance expense	(80,568)	(2,266)	(109,160)	(6,555)
Foreign exchange gain (loss)	83,972	(4,170)	144,712	(1,716)
Acquisition related expenses	(41,255)	-	(212,667)	-
	<b>(37,851)</b>	(4,031)	<b>(177,115)</b>	(5,676)
<b>Deferred income tax recovery</b>	<b>903</b>	6,852	<b>21,981</b>	16,592
<b>Net loss</b>	<b>171,463</b>	164,063	<b>610,205</b>	322,846
<b>Items that will be reclassified subsequently to profit or loss</b>				
Exchange loss (gain) on translation to presentation currency	130,942	(2,800)	205,682	(6,512)
<b>Total comprehensive loss</b>	<b>302,405</b>	161,263	<b>815,887</b>	316,334
<b>Weighted average number of shares outstanding during the period (note 14)</b>	<b>45,825,164</b>	17,000,000	<b>40,315,906</b>	15,665,746
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	\$ (0.01)	<b>\$ (0.02)</b>	\$ (0.02)

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

# Nova Leap Health Corp.

## Condensed Consolidated Statement of Changes in Shareholders' Equity

(Unaudited - United States dollars)

	Common shares	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
<b>Balance – January 1, 2018</b>	<b>29,722,100</b>	<b>2,596,157</b>	<b>399,980</b>	<b>107,975</b>	<b>58,564</b>	<b>(1,341,128)</b>	<b>1,821,548</b>
Units issued for cash, net of issuance costs (note 10)	23,428,696	4,122,843	345,579	-	-	-	4,468,422
Broker shares issued (note 10)	80,000	15,787	-	-	-	-	15,787
Broker warrants issued (note 11)	-	-	157,376	-	-	-	157,376
Agent options exercised (notes 12 & 13)	350,000	40,736	-	(13,661)	-	-	27,075
Stock based compensation (notes 12 & 13)	-	-	-	108,147	-	-	108,147
Net loss for the period	-	-	-	-	-	(610,205)	(610,205)
Other comprehensive loss for the period	-	-	-	-	(205,682)	-	(205,682)
<b>Balance – June 30, 2018</b>	<b>53,580,796</b>	<b>6,775,523</b>	<b>902,935</b>	<b>202,461</b>	<b>(147,118)</b>	<b>(1,951,333)</b>	<b>5,782,468</b>
<b>Balance – January 1, 2017</b>	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382
Units issued for cash, net of issuance costs	3,500,000	428,692	80,355	-	-	-	509,047
Redemption of convertible debt	-	-	-	(8,134)	-	-	(8,134)
Net loss for the period	-	-	-	-	-	(322,846)	(322,846)
Other comprehensive income for the period	-	-	-	-	6,512	-	6,512
<b>Balance – June 30, 2017</b>	<b>17,000,000</b>	<b>939,493</b>	<b>80,355</b>	<b>107,975</b>	<b>14,503</b>	<b>(812,365)</b>	<b>329,961</b>

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

# Nova Leap Health Corp.

## Consolidated Statement of Cash Flows (Unaudited - United States dollars)

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss for the period	(171,463)	(164,063)	(610,205)	(322,846)
Amortization (notes 4 and 5)	151,514	355	215,130	1,014
Deferred income tax recovery	(903)	(6,852)	(21,981)	(16,592)
Impairment loss (note 5)	-	1,386	-	1,386
Loss on disposal of property, plant and equipment	-	-	1,325	-
Stock based compensation (note 12)	26,567	-	108,147	-
Finance (income) expense	80,568	(6,396)	109,160	(2,136)
Unrealized foreign exchange (gain) loss	(102,954)	3,939	(177,694)	7,990
Net changes in non-cash working capital balances related to				
Change in accounts receivable	(654,296)	(485)	(983,337)	5,552
Change in prepaid expense	(33,777)	3,765	(109,687)	7,305
Change in accounts payable and accrued liabilities	285,217	(91,868)	355,933	4,784
Change in client deposits payable	(11,450)	-	(23,891)	-
	(430,977)	(260,185)	(1,137,100)	(313,543)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(15,681)	-	(35,103)	-
Acquisition of businesses (note 3)	(2,835,599)	-	(4,635,599)	-
	(2,851,280)	-	(4,670,702)	-
<b>Financing activities</b>				
Proceeds from issuance of Units and Common Shares, net of issue costs (note 10)	3,090,212	-	4,641,584	509,047
Proceeds from exercise of Agent's Options (note 10)	-	-	27,075	-
Interest payments	(41,200)	-	(59,500)	-
Proceeds from demand loan, net of transaction costs (note 9)	1,453,074	-	2,752,365	-
Repayment of demand loans	(98,347)	-	(145,542)	-
Repayment of convertible debenture	-	(148,687)	-	(185,756)
	4,403,739	(148,687)	7,215,982	323,291
<b>Change in cash and cash equivalents for the period</b>	<b>1,121,482</b>	<b>(408,872)</b>	<b>1,408,180</b>	<b>9,748</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>423,518</b>	<b>566,895</b>	<b>136,820</b>	<b>148,275</b>
<b>Cash and cash equivalents – end of period</b>	<b>1,545,000</b>	<b>158,023</b>	<b>1,545,000</b>	<b>158,023</b>
<b>Non-cash items:</b>				
Broker warrants issued as share issue costs	99,123	-	146,129	-
Broker shares issued as share issue costs	-	-	15,787	-
Exercise of Agents Options	-	-	13,661	-
Assumption promissory note for acquisition of business	410,193	-	710,193	-

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

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

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### 1. Nature of operations and going concern

#### Nature of operations

Nova Leap Health Corp. (the "Corporation") is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The Corporation completed its Qualifying Transaction ("QT") on October 13, 2016. The principal activities of the Corporation and its subsidiaries (the "Group") is to provide skilled and non-medical home care to clients. The Group is currently operating the home care services companies in the United States in Vermont/New Hampshire, Rhode Island and Massachusetts as well as in Canada in Nova Scotia. The Corporation's shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.V.

These condensed interim consolidated financial statements include the accounts of the Corporation and its United States subsidiaries, Nova Leap Health Corp. Holdings, Inc, Nova Leap Health NH, LLC, Nova Leap Health RI, Inc., Nova Leap Health MA, Inc., Nova Leap MA II, Inc. and Armistead Home Care, LLC as well as its Canadian subsidiaries 3315960 Nova Scotia Ltd. and Always Home Homecare Services Inc. The registered head office of the Corporation is located at 2108-1969 Upper Water Street, Halifax, NS Canada B3J 3R7.

The condensed interim consolidated financial statements were approved by the Board of Directors on August 23, 2018.

#### Going concern

The Corporation completed its QT on October 13, 2016 and has subsequently acquired the home care assets of five additional businesses in Northeastern, United States and Eastern Canada to June 30, 2018. The Group achieved positive operating income excluding non-cash amortization and stock-based compensation in the second quarter of 2018. The positive operating income from the existing home care operations contribute to the Group's ability to increase overall operating income and improve cash flows from operations. Subsequent to June 30, 2018, the Corporation signed two definitive agreements to purchase two unrelated home care businesses, both in New England, both of which have positive cash flows from operations which will further improve the Group's profitability and cash flows. (see note 17 – Subsequent Events).

The Group's consolidated financial statements as at June 30, 2018 have been prepared based on International Financial Reporting Standards applicable to a going concern, which assumes the Group will continue in operation for the foreseeable future realizing its assets and settling its liabilities and commitments in the normal course of business. While the Group has begun to realize improved cash flows and results from operations, there is doubt about the appropriateness of the going concern assumption as the Group has not yet generated a history of positive cash flows or income from operations and currently has a working capital deficiency. The continuing operations of the Group are dependent on its ability to develop sustainable cash flow positive operations in the future and to raise adequate financing, if necessary. In the past, the Group has raised funds through equity and convertible debt offerings as well as demand loans to fund the purchase of home care assets.

There can be no assurance that the Group will be successful in achieving sustainable positive cash flows from operations or raising additional cash to finance operations. These condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern, and these adjustments could be material.

### 2. Significant accounting policies

#### a) Statement of compliance

These unaudited condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporation's consolidated financial statements for the year ended December 31, 2017. These unaudited condensed interim consolidated financial statements do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

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### 2. Significant accounting policies (continued)

#### b) Revenue

The Group generates home care revenues by providing home care services directly to clients, such as companionship and life enrichment, personal care and homemaking. The Group receives payments for providing services from private individuals, Government Agencies/Veteran Affairs and long-term care insurance. Revenue is recognized at an hourly rate specified in client agreements and recognized as revenue at the time services are rendered. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Corporation has determined that no significant financing components exist with respect to contracts with customers, as accounts receivable bear normal commercial credit terms and are non-interest bearing.

#### c) Accounting Changes

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with the applicable transition provisions.

##### *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Corporation adopted IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Corporation has elected to apply the modified retrospective method on transition, which means that comparative periods have not been restated. On transition, cumulative impacts related to adoption are required to be recognized in opening retained earnings; however, no adjustments were required for the Corporation.

##### *IFRS 9, Financial Instruments*

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The replacement of IAS 39 is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, and a new hedge accounting model with corresponding disclosures about risk management activity. The Company adopted IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The adoption of this standard has no financial impact to the Corporation.

- The Corporation did not identify any changes to the classification and measurement of the existing financial instruments upon applying IFRS 9, other than a change in the classification of cash and cash equivalents and accounts receivable from loans and receivables to assets at amortized cost, which had no impact on these financial statements.
- IFRS 9 requires the Corporation to record expected credit losses ("ECL") on the entire accounts receivable balance. The Corporation has applied the simplified approach and has calculated the lifetime ECLs based on an established provision matrix that considers the Corporation's historical loss experience, adjusted for forward-looking factors specific to the Corporation's clients and the economic environment. The adoption of the ECL requirements of IFRS 9 did not have an impact on the consolidated financial statements

#### d) Future accounting standards issued but not yet applied

##### *IFRS 16, Leases*

IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, Leases. The new standard brings most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases. Lessor accounting remains largely unchanged. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019. The Corporation is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 3. Business acquisitions

#### Acquisition completed in the three months ended March 31, 2018

##### Family Tree Home Care, Inc. (“Family Tree”)

On February 23, 2018, the Corporation acquired the home care assets (“Significant Assets”) of Family Tree located in Shrewsbury, Massachusetts, USA. Pursuant to the terms of the Definitive Agreement, the Corporation’s U.S. subsidiary, Nova Leap Health MA, Inc., acquired the Significant Assets from Family Tree for a total purchase price of \$2,100,000. The acquisition was funded using \$450,000 cash, \$1,350,000 funds from debt and \$300,000 promissory note issued to Family Tree.

The details of the business acquisition are as follows:

<b>Fair value of consideration transferred</b>	
Cash	\$470,620
Promissory note to vendor	274,500
Demand loan, net of loan and legal fees	1,329,830
Total	\$2,074,950
<b>Recognized amounts of identifiable net assets</b>	
Prepaid security deposit	\$450
Intangible assets (customer lists)	640,000
Goodwill	1,434,500
Total	\$2,074,950

##### *Goodwill*

Goodwill of \$1,434,500 is primarily related to growth expectations, expected future profitability and the assembled workforce.

##### *Acquisition costs*

Total acquisition costs of \$86,096 were incurred and are included in professional fees on the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.

##### *Contribution to Group results*

Operating income of \$51,754 was earned for the period from the date of acquisition, February 23, 2018, to June 30, 2018 including \$86,096 of one-time acquisition costs. Revenue for the period from the date of acquisition, February 23, 2018, to June 30, 2018 was \$1,412,941.

#### Acquisitions completed in the three months ended June 30, 2018

##### Home Health Solutions Inc. (“Home Health”)

On April 14, 2018, the Corporation acquired the home care assets (“Significant Assets”) of Home Health located in Holyoke, Massachusetts, USA. Pursuant to the terms of the Definitive Agreement, the Corporation’s U.S. subsidiary, Nova Leap Health MA II, Inc., acquired the Significant Assets from Home Health for a total purchase price of \$1,200,000. The acquisition was funded using \$250,000 cash, \$750,000 funds from debt and \$200,000 promissory note issued to the vendors.

The details of the business acquisition are as follows:

<b>Fair value of consideration transferred</b>	
Cash	\$273,397
Promissory note to vendor	183,000
Demand loan, net of loan and legal fees	730,395
Total	\$1,186,792
<b>Recognized amounts of identifiable net assets</b>	
Prepaid expenses	\$3,792
Vehicle	9,000
Intangible assets (customer lists)	260,000
Goodwill	914,000
Total	\$1,186,792



# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 3. Business acquisitions (continued)

#### Home Health (continued)

##### *Goodwill*

Goodwill of \$914,000 is primarily related to growth expectations, expected future profitability and the assembled workforce.

##### *Acquisition costs*

Total acquisition costs of \$66,627 were incurred and are included in professional fees on the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.

##### *Contribution to Group results*

A loss from operating activities of \$23,817 was incurred for the period from the date of acquisition, April 14, 2018, to June 30, 2018 including \$62,586 of one-time acquisition costs. Revenue for the period from the date of acquisition, April 14, 2018, to the reporting date was \$438,671.

#### Always Home Homecare Services Inc. (“Always Home”)

On June 1, 2018, the Corporation acquired Always Home Homecare Services Inc. located in Halifax, Nova Scotia, Canada. Pursuant to the terms of the Definitive Agreement, the Corporation’s Canadian subsidiary, 3315960 Nova Scotia Ltd., acquired the shares of Always Home for a total purchase price of \$2,121,259 (\$2,750,000 CAD). The acquisition was funded using \$1,079,914 (\$1,400,000 CAD) cash, \$771,367 (\$1,000,000 CAD) funds from debt and \$252,693 (\$350,000 CAD) promissory note issued to the vendors.

The details of the business acquisition are as follows:

<b>Fair value of consideration transferred</b>	
Cash	\$1,079,914
Promissory note to vendor	252,693
Demand loan, net of loan and legal fees	771,367
Working capital adjustment	142,677
	<hr/>
	\$2,246,651
<b>Recognized amounts of identifiable net assets</b>	
Working capital	\$142,677
Property, plant and equipment	6,682
Intangible assets (customer lists)	254,551
Goodwill	1,822,431
Deferred income tax asset	20,310
	<hr/>
	\$2,246,651

##### *Goodwill*

Goodwill of \$1,822,431 is primarily related to growth expectations, expected future profitability and the assembled workforce.

##### *Acquisition costs*

Total acquisition costs of \$46,330 were incurred and are included in professional fees on the Condensed Interim Consolidated Statement of Loss and Comprehensive Loss.

##### *Contribution to Group results*

Operating income of \$16,225 was earned for the period from the date of acquisition to the reporting date. Revenue for the period from the date of acquisition, June 1, 2018, to the reporting date was \$199,052.

#### **Proforma Group Results and Other**

##### *Proforma Group results based on acquiring the assets of all closed acquisitions at January 1, 2018*

If the Significant Assets of Family Tree, Home Health and the Always Home business were acquired during the period had been acquired on January 1, 2018, revenue of the Group for the reporting period would have increased by approximately \$2,195,000 and loss from operating activities for the period would have decreased by approximately \$152,000 excluding acquisition costs incurred.

##### *Other*

On August 10, 2018, the Corporation entered into an agreement to acquire all the business assets of a company in New England, USA for approximately \$425,000. The acquisition is expected to close during the Corporation’s third quarter and will be paid for in cash and a promissory note to the vendor.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 3. Business acquisitions (continued)

#### **Proforma Group Results and Other (continued)**

On August 17, 2018, the Corporation entered into an agreement to acquire all of the business assets of a company in Massachusetts for approximately \$1,600,000. The acquisition is expected to close during the Corporation's third quarter and will be paid for in cash and partially financed by proceeds from the issuance of common shares and debt financing, and a promissory note to the vendor.

#### *Acquisition related expense*

The Group incurred acquisition related expenses of \$41,255 for the three months ended June 30, 2018 (\$212,668 for the six months ended June 30, 2018) of which \$41,255 related to the acquisition of businesses that closed in the three months ended June 30, 2018 (\$198,258 for the six months ended June 30, 2018) and the remaining amount related to future or abandoned acquisitions.

### 4. Property plant & equipment

The changes in property, plant & equipment for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	3,225	-
Additions	35,103	3,500
Disposal	(1,325)	-
Amortization	(1,912)	(275)
Foreign exchange loss	(103)	-
Balance, end of period	34,988	3,225

### 5. Intangible assets

The changes in intangible assets for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	226,493	5,700
Additions	1,154,551	260,000
Amortization	(213,218)	(35,316)
Impairment loss	-	(3,891)
Foreign exchange loss	(3,914)	-
Balance, end of period	1,163,912	226,493

The additions relate to the value of the customer lists acquired related to the purchase of the Significant Assets of Family Tree, Home Health and the shares of Always Home during the period (See note 3 above).

### 6. Goodwill

The changes in goodwill for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	2,116,500	180,000
Additions	4,170,931	1,936,500
Foreign exchange loss	(28,233)	-
Balance, end of period	6,259,198	2,116,500

The measurement of the fair values of the acquired assets and assumed liabilities from the Home Health and Always Home acquisitions are pending finalization (see note 3 above).

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 7. Related party transactions

Transactions with related parties were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the parties.

During the three and six months ended June 30, 2018, a company controlled by the CEO billed a total \$3,989 and \$8,671, respectively (\$4,402 and \$8,877 – June 30, 2017) for the rental of office space. As of August 1, 2018, the office space was no longer leased from a company controlled by the CEO as head office changed locations.

#### *Key management personnel*

Key management personnel of the Group are members of the Board of Directors, as well as the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary. Key management personnel remuneration for the periods include the following expenses:

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	\$	\$	\$	\$
Consulting fees	81,323	29,196	176,789	95,887
Directors fees	14,909	-	30,128	-
Stock based compensation	24,511	-	95,209	-
	120,743	29,196	302,126	95,887

As at June 30, 2018, there was \$7,509 included in Accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2017 – \$167,073) for consulting fees and expense reimbursements.

### 8. Promissory Note

The changes in the promissory note for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	-	-
Issued	710,193	-
Effective interest	14,598	-
Foreign exchange (gain)	(3,915)	-
Balance, end of period	720,876	-
Current portion	369,259	-
Non-current portion	351,617	-

To finance a portion of acquisition of the assets of Family Tree, Nova Leap Health MA, Inc. obtained a promissory note from the vendors with a principal amount of \$300,000. The loan bears interest at a rate of 3% per annum and \$150,000 plus accrued interest is repayable on January 31, 2019 and the remaining \$150,000 plus accrued interest is repayable on January 31, 2020. The promissory note was initially recorded at fair value using a market interest rate of 9% and subsequently measured at amortized cost using the effective interest rate method.

To finance a portion of acquisition of the assets of Home Health Solutions, Nova Leap Health MA II, Inc. obtained a promissory note from the vendors with a principal amount of \$200,000. The loan bears interest at a rate of 3% per annum and \$100,000 plus accrued interest is repayable on April 1, 2019 and the remaining \$100,000 plus accrued interest is repayable on April 1, 2020. The promissory note was initially recorded at fair value using a market interest rate of 9% and subsequently measured at amortized cost using the effective interest rate method.

To finance a portion of acquisition of the assets of Always Home Homecare, 3315960 Nova Scotia Limited obtained a promissory note from the vendors with a principal amount of \$269,978 (\$350,000 CAD). The loan bears interest at a rate of 3% per annum and \$175,000 CAD plus accrued interest is repayable on May 31, 2019 and the remaining \$175,000 CAD plus accrued interest is repayable on May 31, 2020. The promissory note was initially recorded at fair value using a market interest rate of 7.45% and subsequently measured at amortized cost using the effective interest rate method.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 8. Promissory Note (continued)

The promissory notes are subject to a Guaranty Agreement of Nova Leap Health Corp. and are subordinated to the demand loans in note 9.

### 9. Demand loans

The changes in the demand loans for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	540,545	-
Issued	2,859,417	600,000
Debt issue costs	(107,052)	(46,983)
Effective interest	93,851	15,285
Interest payment	(59,499)	(10,638)
Principal repayment in cash	(145,542)	(17,119)
Foreign exchange gain	71	-
Balance, end of period	3,181,791	540,545

To finance the acquisition of the assets of Family Tree, the Corporation obtained a demand non-revolving loan with a principal amount of \$1,350,000. The loan bears interest at a rate of US Base Rate of 5.5% plus 1.5%. The loan is repayable on demand and \$20,213 blended payments of both principal and interest are paid monthly. The amortization period of the loan is 84 months from the date of drawdown, February 23, 2018. Export Development Canada provided a 75% guarantee for the loan for a fee of 2.35% per annum. The loan is designated as an "other financial liability" and was initially recorded at \$1,308,497 which was fair value of \$1,350,000 adjusted for transaction expenses of \$41,503, of which, \$21,332 were paid directly by the Corporation.

To finance the acquisition of the assets of Home Health Solutions, the Corporation obtained a demand non-revolving loan with a principal amount of \$750,000. The loan bears interest at a rate of US Base Rate of 5.5% plus 1.5%. The loan is repayable on demand and \$14,763 blended payments of both principal and interest are paid monthly. The amortization period of the loan is 60 months from the date of drawdown, April 12, 2018. Export Development Canada provided a 75% guarantee for the loan for a fee of 2.35% per annum. The loan is designated as an "other financial liability" and was initially recorded at \$714,617 which was fair value of \$750,000 adjusted for transaction expenses of \$35,383 of which, \$15,778 were paid directly by the Corporation.

To finance the acquisition of the assets of Always Home Homecare, the Corporation obtained a demand non-revolving loan with a principal amount of \$771,367 (\$1,000,000 CAD). The loan bears interest at a rate of CAD Prime Rate of 3.45% plus 2%. The loan is repayable on demand and \$14,488 (\$19,078 CAD) blended payments of both principal and interest are paid monthly. The amortization period of the loan is 60 months from the date of drawdown, June 4, 2018. The loan is designated as an "other financial liability" and was initially recorded at \$746,753 which was fair value of \$771,367 adjusted for transaction expenses of \$24,614, of which, \$16,565 were paid directly by the Corporation.

All the loans are also secured through a registered General Security Agreement and a Corporate Guarantee for the principal amount of the loan from Nova Leap's US and Canadian subsidiaries.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 10. Common shares

**a. Authorized:**

Unlimited number of common shares, without nominal or par value

**b. Issued and outstanding:**

	June 30, 2018		December 31, 2017	
	Number of Shares	Value \$	Number of Shares	Value \$
Balance, beginning of period	29,722,100	2,596,157	13,500,000	510,801
Shares issued for acquisition of assets	-	-	2,509,600	400,000
Shares issued for cash, net of issue costs	23,428,696	4,122,842	13,712,500	1,685,356
Broker shares issued	80,000	15,787	-	-
Agent options exercised	350,000	40,736	-	-
Balance, end of period	53,580,796	6,775,523	29,722,100	2,596,157

On January 8, 2018, the Corporation closed a non-brokered private placement and raised gross proceeds of \$382,386 (\$475,000 CAD) net of share issue costs of \$19,140 through the issuance of 2,375,000 Units at a price of \$0.20 CAD per unit. Each unit is comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation for \$0.35 CAD for a period of 24 months from the closing date. \$82,209 (CAD \$102,121) was allocated to the warrants based on the fair value of the warrants, net of proportional amount of the related share issue costs. The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component. The fair value of the warrants was determined using the Black-Scholes pricing model. All securities issued pursuant to the private placement are subject to a 4 month hold period that expired on May 7, 2018.

On February 22, 2018, the Corporation closed a brokered private placement and raised gross proceeds of \$1,350,845 (\$1,711,250 CAD) net of share issue costs of \$208,152 through the issuance of 6,845,000 Units at a price of \$0.25 CAD per unit. Each unit is comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation for \$0.375 CAD for a period of 24 months from the closing date. \$280,730 (CAD \$355,628) was allocated to the warrants based on the fair value of the warrants, net of proportional amount of the related share issue costs. The Corporation paid the Agents a corporate finance fee of which \$15,787 (\$20,000 CAD) was paid through the issuance of 80,000 Common Shares at a deemed price of \$0.25 per Common Share.

On April 13, 2018, the Corporation closed the first tranche of a brokered private placement and raised gross proceeds of \$798,642 (\$1,006,050 CAD) net of share issue costs of \$114,092 through the issuance of 3,353,499 common shares at a price of \$0.30 CAD per share. All common shares issued pursuant to the private placement are subject to a 4 month hold period that expires on August 12, 2018. The Corporation paid the Agents a cash commission of \$53,937 and issued 221,879 agents' warrants.

On May 31, 2018, the Corporation closed the second tranche of a brokered private placement and raised gross proceeds of \$1,843,837 (\$2,387,400 CAD) through the issuance of 7,957,999 common shares at a price of \$0.30 CAD per share and also closed a non-brokered private placement and raised gross proceeds of \$671,269 (\$869,160 CAD) through the issuance of 2,897,198 common shares at a price of \$0.30 CAD per share net of total share issue costs of \$219,814. All common shares issued pursuant to the private placement are subject to a 4 month hold period that expires on September 30, 2018. The Corporation paid the Agents a cash commission of \$147,247 and issued 418,060 agents' warrants.

#### Common shares subject to escrow

Of the 10,000,000 common shares issued in January 2016 which were subject to an escrow agreement, 4,500,000 shares were in escrow at June 30, 2018. The remaining shares in escrow will be released in 3 equal increments of 1,500,000 shares each, every 6 months with the final release on November 4, 2019.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 11. Warrants

The changes in warrants for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	399,980	-
Warrants issued, net of issue costs	345,579	399,980
Broker warrants issued	157,376	-
Balance, end of period	902,935	399,980

	June 30, 2018			December 31, 2017		
	Number	Weighted Average Exercise Price (CAD)	Remaining contractual life (years)	Number	Weighted Average Exercise Price CAD	Remaining contractual life (years)
Balance, beginning	6,856,250	\$0.35	1.02	-	-	-
Issued for cash	4,610,000	\$0.37	1.62	-	-	-
Broker warrants issued	1,001,039	\$0.29	1.79	6,856,250	\$0.35	1.52
Balance, end	12,467,289	\$0.35	1.30	6,856,250	\$0.35	1.52

On January 8, 2018, in connection with the private placement, the Corporations issued 1,187,500 warrants with an exercise price of \$0.35 CAD and expire on January 7, 2020. The fair value of the warrants issued, net of share issue costs allocation was \$82,209 (CAD \$102,121). The Corporation also issued 36,300 broker warrants with an exercise price of \$0.35 CAD and expire on February 21, 2020.

On February 22, 2018, in connection with the brokered private placement, the Corporations issued 3,422,500 warrants with an exercise price of \$0.375 CAD and expire on February 21, 2020. The fair value of the warrants issued, net of share issue costs allocation was \$280,730 (CAD \$355,628). The Corporation also issued 324,800 broker warrants with an exercise price of \$0.25 CAD and expire on February 21, 2020.

On April 13, 2018, in connection with the first tranche of a brokered private placement, the Corporations issued 221,879 broker warrants with an exercise price of \$0.30 CAD and expire on April 12, 2020. The fair value of the broker warrants issued was \$45,795 (CAD \$57,689).

On May 31, 2018, in connection with the second and final tranche of a brokered private placement, the Corporations issued 418,060 broker warrants with an exercise price of \$0.30 CAD and expire on May 30, 2020. The fair value of the broker warrants issued was \$64,575 (CAD \$83,612).

The following weighted average assumptions were used in the Black-Scholes option pricing model for the period:

	Three months ended	
	March 31, 2018	June 30, 2018
Exercise price (CAD)	\$0.36	\$0.30
Risk free interest rate	1.25%	1.75%
Expected volatility	142%	139%
Expected dividend yield	0%	0%
Expected life	2.0 years	2.0 years
Grant date fair value (CAD)	\$0.24	\$0.22

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 11. Warrants (continued)

The following table summarizes information concerning outstanding and exercisable warrants at June 30, 2018:

Expiry date	Number	Exercise price (CAD) \$
Mar 9, 2019	1,750,000	0.35
Jul 5, 2019	2,631,250	0.35
Oct 5, 2019	2,475,000	0.35
Jan 7, 2020	1,223,800	0.35
Feb 22, 2020	3,422,500	0.375
Feb 22, 2020	324,800	0.25
Apr 12, 2020	221,879	0.30
May 30, 2020	418,060	0.30
	12,467,289	0.35

### 12. Stock based compensation

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Corporation unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term and are non-transferable. Options vesting conditions are determined by the Board of Directors at the time of grant. Options may be exercised ninety days following the date of termination of employment or holding office as a director or officer of the Corporation and, in the case of death, expire within one year thereafter. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

The changes in incentive stock options during the period were as follows:

	June 30, 2018		December 31, 2017	
	Number	Weighted Average Exercise Price (CAD)	Number	Weighted Average Exercise Price (CAD)
Balance, beginning	1,350,000	\$0.10	1,350,000	\$0.10
Granted	1,485,000	\$0.25	-	-
Balance, end	2,835,000	\$0.18	1,350,000	\$0.10

On January 12, 2018, the Corporation granted 1,485,000 incentive stock options to directors, officers, employees and consultants of the Corporation. The stock options are exercisable for a period of 10 years at an exercise price of \$0.25 CAD per share and vest 25% immediately and 25% on each anniversary date of the stock option grant date.

The following table summarizes information concerning outstanding and exercisable options at June 30, 2018:

Expiry date	Outstanding		Exercisable	
	Number	Exercise price (CAD) \$	Number	Exercise price (CAD) \$
Apr 25, 2026	1,350,000	\$0.10	1,350,000	\$0.10
Jan 11, 2028	1,485,000	\$0.25	371,250	\$0.25
	2,835,000	\$0.18	1,721,250	\$0.13

The weighted average contractual life outstanding as at June 30, 2018 is 8.72 years.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 12. Stock based compensation (continued)

The compensation cost for the stock options granted during the period were determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Option grant date	January 12, 2018
Exercise price (CAD)	\$0.25
Risk free interest rate	1.00%
Expected volatility	107%
Expected dividend yield	0%
Expected life	6.0 years
Grant date fair value (CAD)	\$0.20

The expected volatility was determined based on the historical share price volatility from the date of the grant over a period of time equal to the expected life of the option. The expected forfeiture rate was nil.

The Corporation recorded total stock-based compensation during the three and six months ended June 30, 2018 of \$26,567 and \$81,580 respectively for a year-to-date total of \$108,147 (2017 - nil).

The changes in Agent's stock options during the period were as follows:

Expiry date	Number of options	Exercise Price (CAD)
		\$
Balance, beginning	350,000	0.10
Exercised	(350,000)	(0.10)
Balance, end	-	-

### 13. Contributed Surplus

The changes in contributed surplus for the period are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	107,975	116,109
Stock options granted – directors and officers	108,147	-
Exercise stock options - agents	(13,661)	-
Repayment of convertible debentures in cash	-	(8,134)
Balance, end of period	202,461	107,975

### 14. Loss per Share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that convertible debentures, stock options, agent's options and warrants have been exercised on the later of the beginning of the period and the date granted. As of June 30, 2018, all options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

### 15. Financial instruments

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. The Group is exposed to the same risk in the current year as it was exposed to in the prior year and in addition is exposed to interest rate risk because of the demand loan that has variable rate interest. The most significant financial risks to which the Group is exposed are described below.

#### Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized below:



# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 15. Financial instruments (continued)

Classes of financial assets – carrying amounts	June 30, 2018	December 31, 2017
	\$	\$
Cash and cash equivalents	1,545,000	136,820
Accounts receivable	1,253,284	269,947
	2,798,284	406,767

In respect of trade account receivables, the Group is exposed to a certain level of credit risk as the amounts are uncollateralized. Credit risk for accounts receivable is the risk of loss associated with a client's inability to fulfil its payment obligations. The largest exposure to credit risk is in relation to receivables. The Group mitigates credit risk by both collecting client deposits prior to service for certain clients and actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at June 30, 2018, the Group had \$75,572 collected for client deposits, representing approximately 6% of outstanding accounts receivable, billed and accrued (December 31, 2017 - \$99,463). Management believes that counterparty concentrations are in the normal course of business and are not unusual.

The credit risk for cash and cash equivalents is considered low as the Group maintains most of its cash with a Schedule I bank in Canada.

#### Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its current and future obligations. The Group's approach to managing liquidity risk is to closely monitor working capital balances as compared to budgeted upcoming expenses and expected due diligence and acquisition expenses. During the current and previous period, the Group raised funds, primarily through private placements or demand loans. As at June 30, 2018, the Group had a cash and cash equivalents balance of \$1,545,000. The Group has a working capital shortfall at June 30, 2018 primarily due to the presentation of demand loans as current, and the Group's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on the growth of the home care business acquired as well as future support of shareholders through public or private equity offerings. Refer to note 1, Going Concern.

The following table shows the timing of cash outflows relating to its liabilities:

	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
Account payable and accrued liabilities	791,800	-	-	-
Demand loan	791,053	768,840	2,089,269	409,210
Promissory note	382,898	382,898	-	-

#### Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and financing activities.

#### Foreign currency sensitivity

The Group's operations are carried out in USD. Exposure to currency exchange rates arise from the fact that the Group's equity offerings have been denominated in CAD and will be denominated in CAD for the foreseeable future as the Corporation's shares are listed on a Canadian stock exchange and the Group has one operation in Canada that transacts in Canadian dollars. The Group's exposure to CAD dollar currency risk was as follows:

	June 30, 2018 (CAD)	December 31, 2017 (CAD)
	\$	\$
Cash and cash equivalents	1,546,262	72,346
Accounts receivable	198,685	-
Sales tax receivable	95,669	-
Accounts payable & accrual liabilities	(498,593)	(274,793)
Demand loan	(954,499)	-
Promissory note	(248,778)	-
	138,746	(202,447)

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 15. Financial instruments (continued)

Sensitivity to a plus or minus 5.0% change in the CAD dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$5,300.

#### *Interest rate sensitivity*

As at June 30, 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Sensitivity if interest rates increased or decreased by 1% would affect net loss and comprehensive loss and deficit by approximately \$312,000 over the remaining term of the loans.

#### **Fair value**

All financial assets and liabilities except for the demand loans and promissory notes are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the demand loans is approximately \$3,286,194 as at June 30, 2018. The fair value of the promissory notes is approximately \$765,796 as at June 30, 2018.

### 16. Segment reporting

As of June 30, 2018, management identified the Group's reportable segments as Canadian operations and US operations. All businesses provide home care services to clients, with Corporate providing management oversight and expertise, and growth through acquisitions of additional business. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made based on segment operating results.

As a result of ongoing acquisitions, management re-evaluated the Corporation's reportable segments for the period ended June 30, 2018 and has restated the prior period segmented disclosure as a result.

Segment information for the reporting period is as follows:

	For the three months ended June 30, 2018		
	US \$	Canada \$	Total \$
<b>Segment revenues</b>			
<b>(all from external customers)</b>	<b>2,226,013</b>	<b>199,053</b>	<b>2,425,066</b>
Cost of services	1,498,325	140,420	1,638,745
Gross Profit	727,688	58,633	786,321
General & administrative	657,115	42,407	699,522
<b>Segment operating income (a)</b>	<b>70,573</b>	<b>16,226</b>	<b>86,799</b>
<b>Segment assets</b>	<b>6,897,923</b>	<b>2,362,471</b>	<b>9,260,394</b>

- a) US Segment operating income includes non-cash expenses related to amortization of customer lists and stock-based compensation of \$143,082. Canada Segment operating income includes non-cash expenses related to amortization of customer lists of \$10,192

	For the three months ended June 30, 2017		
	US \$	Canada \$	Total \$
<b>Segment revenues</b>			
<b>(all from external customers)</b>	<b>39,836</b>	<b>-</b>	<b>39,836</b>
Cost of services	26,644	-	26,644
Gross Profit	13,192	-	13,192
General & administrative	33,350	-	33,350
<b>Segment operating loss (a)</b>	<b>20,158</b>	<b>-</b>	<b>20,158</b>
<b>Segment assets</b>	<b>253,812</b>	<b>-</b>	<b>253,812</b>

- a) US Segment operating income includes non-cash expenses related to amortization of customer lists and impairment loss of \$1,741.

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 16. Segment reporting (continued)

	For the six months ended June 30, 2018		Total \$
	US \$	Canada \$	
<b>Segment revenues (all from external customers)</b>	<b>3,491,034</b>	<b>199,053</b>	<b>3,690,087</b>
Cost of services	2,318,802	140,420	2,459,222
Gross Profit	1,172,232	58,633	1,230,865
General & administrative	1,118,138	42,407	1,160,545
<b>Segment operating income (a)</b>	<b>54,094</b>	<b>16,226</b>	<b>70,320</b>
<b>Segment assets</b>	<b>6,897,923</b>	<b>2,362,471</b>	<b>9,260,394</b>

- a) US Segment operating income includes non-cash expenses related to amortization of customer lists and stock-based compensation of \$213,404. Canada Segment operating income includes non-cash expenses related to amortization of customer lists of \$10,192

	For the six months ended June 30, 2017		Total \$
	US \$	Canada \$	
<b>Segment revenues (all from external customers)</b>	<b>79,967</b>	<b>-</b>	<b>79,967</b>
Cost of services	53,227	-	53,227
Gross Profit	26,740	-	26,740
General & administrative	68,221	-	68,221
<b>Segment operating loss (a)</b>	<b>41,481</b>	<b>-</b>	<b>41,481</b>
<b>Segment assets</b>	<b>253,812</b>	<b>-</b>	<b>253,812</b>

- a) US Segment operating income includes non-cash expenses related to amortization of customer lists and impairment loss of \$2,400.

The Group's revenues from external customers and its non-current assets are all attributable to the US and Canada segments. Revenues from external customers are identified based on the client's geographical location. Non-current assets are allocated based on their physical location.

The totals presented in the Group's operating segments reconcile to the key financial figures as presented in the financial statements as follows:

	For the three months ended		For the six months ended	
	June 30, 2018 \$	June 30, 2017 \$	June 30, 2018 \$	June 30, 2017 \$
<b>Revenues (Segment and Group)</b>	<b>2,425,066</b>	<b>39,836</b>	<b>3,690,087</b>	<b>79,967</b>
<b>Gross profit (Segment and Group)</b>	<b>786,321</b>	<b>13,192</b>	<b>1,230,865</b>	<b>26,740</b>
<b>Group loss</b>				
Total reportable segment operating income	86,799	(20,158)	70,320	(41,481)
Corporate and administrative expenses not allocated	(221,314)	(146,726)	(525,391)	(292,281)
<b>Group operating loss</b>	<b>(134,515)</b>	<b>(166,884)</b>	<b>(455,071)</b>	<b>(333,762)</b>

# Nova Leap Health Corp.

## Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and six months ended June 30, 2018 and June 30, 2017

### 16. Segment reporting (continued)

	June 30, 2018	June 30, 2017
	\$	\$
<b>Assets</b>		
Total reportable segment assets	9,260,394	253,812
Group headquarters	1,309,136	148,737
<b>Group assets</b>	<b>10,569,530</b>	<b>402,549</b>

### 17. Subsequent events

On August 13, 2018, the Corporation announced that it had executed a definitive agreement to acquire a home health care services company. The Target is in a New England state where Nova Leap has existing operations and will be considered a tuck-in acquisition. Under the terms of the Agreement, the acquisition is to be made for total consideration of \$425,000 of which \$325,000 is payable with cash on closing and \$100,000 is by way of a promissory note. The promissory note bears interest at 6%. Three equal principal payments are to be made on September 1, 2019, September 1, 2020 and September 1, 2021 along with the accrued interest. Closing the acquisition will be subject to final due diligence and transfer approval of the state home health care license. Nova Leap expects to use existing cash resources to fund the transaction.

On August 20, 2018, the Corporation announced that it had entered into a definitive agreement to acquire a home care services company located in Massachusetts. Under the terms of the Agreement, the acquisition is to be made for total consideration of \$1,600,000 of which \$1,360,000 is payable with cash on closing and \$240,000 is by way of a promissory note. The promissory note bears interest at 2%. Three equal principal payments are to be made on October 1, 2019, October 1, 2020 and October 1, 2021 along with the accrued interest. Closing the acquisition will be subject to final due diligence, financing and TSX Venture Exchange approval

### 18. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.