



**Nova Leap Health Corp.**

**Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2021 and 2020**

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

# Nova Leap Health Corp.

## Condensed Interim Consolidated Statement of Financial Position

(Unaudited - United States dollars)

	March 31, 2021	December 31, 2020
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,351,134	2,778,845
Accounts receivable	1,642,962	1,407,625
Government tax credit receivable (note 3)	1,555,431	-
Prepaid expenses	133,005	147,625
<b>Total current assets</b>	<b>5,682,532</b>	<b>4,334,095</b>
<b>Non-current assets</b>		
Property and equipment	348,339	395,310
Intangible assets	1,184,524	1,349,766
Goodwill	10,205,565	10,176,288
Deferred income tax asset	980,130	1,279,627
<b>Total non-current assets</b>	<b>12,718,558</b>	<b>13,200,991</b>
<b>TOTAL ASSETS</b>	<b>18,401,090</b>	<b>17,535,086</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,078,233	946,143
Client deposits payable	138,264	143,112
Demand loans	2,110,394	2,300,046
Promissory notes (note 4)	411,831	431,075
Lease liability	115,288	139,400
Contingent consideration (note 5)	37,154	19,323
Government loans and deferred payroll liability	182,400	195,106
<b>Total current liabilities</b>	<b>4,073,564</b>	<b>4,174,205</b>
<b>Non-current liabilities</b>		
Promissory notes (note 4)	458,170	445,166
Lease liability	226,929	245,593
Contingent consideration (note 5)	200,914	259,133
Government loans and deferred payroll liability	270,691	319,466
Convertible debentures (note 6)	537,068	2,249,333
<b>Total non-current liabilities</b>	<b>1,693,772</b>	<b>3,518,691</b>
<b>TOTAL LIABILITIES</b>	<b>5,767,336</b>	<b>7,692,896</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 7)	12,159,299	10,285,708
Contributed surplus	1,501,205	1,581,886
Accumulated other comprehensive income (loss)	208,811	92,346
Deficit	(1,235,561)	(2,117,750)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12,633,754</b>	<b>9,842,190</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>18,401,090</b>	<b>17,535,086</b>

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

Approved on behalf of the Board of Directors

“Christopher Dobbin”

(signed)

Director

“Michael O’Keefe”

(signed)

Director

# Nova Leap Health Corp.

## Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss)

(Unaudited - United States dollars)

	For the three months ended March 31	
	2021	2020
	\$	\$
<b>Revenues</b>		
Service revenues	5,020,139	4,611,140
<b>Operating expenses</b>		
Cost of service	3,280,788	3,070,682
	<b>1,739,351</b>	<b>1,540,458</b>
<b>Corporate and administrative expenses</b>		
Head office and operations management	1,288,203	910,403
General & administrative	489,840	410,004
Amortization and depreciation	215,017	132,028
Stock based compensation	53,822	63,988
	<b>2,046,882</b>	<b>1,516,423</b>
<b>(Loss) income from operating activities</b>	<b>(307,531)</b>	<b>24,035</b>
<b>Other income (expenses)</b>		
Other income (note 3)	1,676,058	-
Finance expense	(73,370)	(118,172)
Foreign exchange (loss) gain	(105,876)	480,880
Acquisition related expenses	(15,210)	(2,535)
	<b>1,481,602</b>	<b>360,173</b>
<b>Income before income taxes</b>	<b>1,174,071</b>	<b>384,208</b>
<b>Income taxes</b>		
Deferred income tax expense	(306,492)	(27,600)
Current income tax recovery (expense)	14,610	(13,270)
	<b>(291,882)</b>	<b>(40,870)</b>
<b>Net income</b>	<b>882,189</b>	<b>343,338</b>
<b>Items that will be reclassified subsequently to profit or loss</b>		
Exchange gain (loss) on translation to presentation currency	116,465	(556,755)
<b>Total comprehensive income (loss)</b>	<b>998,654</b>	<b>(213,417)</b>
<b>Basic and diluted income per share (note 9)</b>	<b>\$0.01</b>	<b>\$0.01</b>

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

# Nova Leap Health Corp.

## Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Unaudited - United States dollars)

	Common shares	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total equity \$
<b>Balance at January 1, 2021</b>	<b>65,612,212</b>	<b>10,285,708</b>	-	<b>1,581,886</b>	<b>92,346</b>	<b>(2,117,750)</b>	<b>9,842,190</b>
Conversion of debentures (note 6)	4,496,141	1,847,702	-	(124,409)	-	-	1,723,293
Stock based compensation	-	-	-	53,822	-	-	53,822
Stock options exercised	43,750	25,889	-	(10,094)	-	-	15,795
Net income for the period	-	-	-	-	-	882,189	882,189
Other comprehensive income for the period	-	-	-	-	116,465	-	116,465
<b>Balance at March 31, 2021</b>	<b>70,152,103</b>	<b>12,159,299</b>	-	<b>1,501,205</b>	<b>208,811</b>	<b>(1,235,561)</b>	<b>12,633,754</b>
<b>Balance at January 1, 2020</b>	<b>61,963,181</b>	<b>9,001,673</b>	<b>472,731</b>	<b>1,094,459</b>	<b>(120,513)</b>	<b>(3,374,048)</b>	<b>7,074,302</b>
Warrants exercised	3,345,671	1,173,811	(290,903)	-	-	-	882,908
Warrants expired	-	-	(60,010)	60,010	-	-	-
Stock based compensation	-	-	-	63,988	-	-	63,988
Convertible debt issued	-	-	-	35,950	-	-	35,950
Net income for the period	-	-	-	-	-	343,338	343,338
Other comprehensive loss for the period	-	-	-	-	(556,755)	-	(556,755)
<b>Balance at March 31, 2020</b>	<b>65,308,852</b>	<b>10,175,484</b>	<b>121,818</b>	<b>1,254,407</b>	<b>(677,268)</b>	<b>(3,030,710)</b>	<b>7,843,731</b>

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

# Nova Leap Health Corp.

## Condensed Interim Consolidated Statement of Cash Flows

(Unaudited - United States dollars)

	For the three months ended March 31	
	2021	2020
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	882,189	343,338
Adjustments for items not affecting cash:		
Government tax credit	(1,555,431)	-
Amortization and depreciation	215,017	132,028
Deferred income tax expense	306,492	27,600
Stock based compensation	53,822	63,988
Finance expense	70,891	115,958
Unrealized foreign exchange loss (gain)	90,759	(502,244)
Net change in non-cash operating working capital (note 10)	(156,921)	9,245
<b>Cash (used in) provided by operating activities</b>	<b>(93,182)</b>	<b>189,913</b>
<b>Financing activities</b>		
Repayment of demand loans and transaction costs	(215,897)	(189,741)
Interest payments on demand loans	(27,230)	(45,140)
Repayment of promissory notes and interest (note 4)	(25,559)	(257,500)
Repayment of lease liability and interest	(50,844)	(33,976)
Net proceeds from issuance of convertible debt	-	527,192
Interest payments on convertible debt (note 6)	(52,359)	-
Proceeds from exercise of options	15,795	-
Proceeds from exercise of warrants	-	909,608
<b>Cash (used in) provided by financing activities</b>	<b>(356,094)</b>	<b>910,443</b>
Effect of exchange rate change on cash and cash equivalents	21,565	(178,694)
<b>(Decrease) increase in cash and cash equivalents for the period</b>	<b>(427,711)</b>	<b>921,662</b>
Cash and cash equivalents – beginning of period	2,778,845	1,635,211
<b>Cash and cash equivalents – end of period</b>	<b>2,351,134</b>	<b>2,556,873</b>
<b>Non-cash items:</b>		
Conversion of debentures into common shares	1,723,923	-
Exercise of stock options	10,094	-
Exercise of warrants	-	264,203
Expiry of warrants	-	60,010

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

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three months ended March 31, 2021 and 2020

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### 1. Nature of operations

Nova Leap Health Corp. (the “Corporation” or “Nova Leap”) is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The principal activities of the Corporation and its subsidiaries (the “Group”) is to provide home care and health care services to clients. The Group is currently providing services in the United States in Arkansas, Massachusetts, New Hampshire, Ohio, Oklahoma, Rhode Island and Vermont as well as in Nova Scotia, Canada. The Corporation’s shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.V.

These consolidated financial statements include the accounts of the Corporation and its United States and Canadian subsidiaries. The registered head office of the Corporation is located at 7071 Bayers Road, Suite 5003, Halifax, NS Canada B3L 2C2.

The consolidated financial statements were approved by the Board of Directors on May 6, 2021.

### 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, 2020. 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, 2020, prepared in accordance with IFRS as issued by the IASB.

#### b) COVID-19

On March 11, 2020, the World Health Organization (“WHO”) officially declared the Coronavirus disease 2019 (“COVID-19”) a pandemic. This has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. These measures have caused and continue to cause material disruption to businesses globally, including the United States and Canada, resulting in economic slowdown. The operations of the Corporation’s US segment continue to be impacted through reduced client service hours.

Management has been monitoring various government supported financial relief programs in the jurisdictions in which the Group operates and has determined the Group has been eligible for various programs as discussed in note 3 – COVID-19 related relief.

Home care is deemed an essential service in all jurisdictions in which Nova Leap operates and all home care agencies owned by Nova Leap continue to operate. With ongoing high levels of infection rates in the US and new variants, client service hours have not yet recovered to pre-COVID-19 levels in the US segment. While the pressure on client service hours is expected to continue in the near term, particularly in the U.S., management remains confident in the longer-term prospects of the Corporation and believes Nova Leap is well positioned for the future. With the approval of COVID-19 vaccines in the U.S. and Canada and a roll-out plan in both jurisdictions, management expects to see a strengthening in its operations.

The extent of the impact of COVID-19 longer-term on the Group’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak, the successful roll-out of vaccines and the effectiveness of the vaccines against all variants, all of which are highly uncertain and cannot be predicted.

#### c) Government grants and assistance

##### i) Employee Retention Credit

The Employee Retention Credit (“ERC”) is a refundable payroll tax credit for qualified wages paid to retain employees in the first six months of 2021. The ERC covers a portion of employee’s wages for employers who have suffered a decrease in gross revenues.

In accordance with IAS 20, any ERC funding received is treated as grant related income and is classified as Other income in the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss).

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three months ended March 31, 2021 and 2020

### 3. COVID-19 related relief

#### a) Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) contains a business relief provision known as the Employee Retention Credit, a refundable payroll tax credit for qualified wages paid to retain employees between March 13, 2020 and December 31, 2020. The Taxpayer Certainty and Disaster Tax Relief Act (TCADTR) of 2020, which is part of the Consolidated Appropriations Act (CAA), 2021, was signed into law December 27, 2020, and significantly modifies and expands provisions of the ERC to include wages paid in the first half of 2021.

Employers qualify for the ERC in 2021 if they were ordered to fully or partially shut down or if their gross receipts fell below 80% as compared to the same quarter in 2019. However, employers can elect to use the immediately preceding calendar quarter. For 2021, the ERC rate per employee is increased to 70% of qualified wages and the wage limit per employee is increased from \$10,000 for the year to \$10,000 per quarter.

Nova Leap's US segment qualified for the ERC in the first quarter of 2021 and has recognized \$1,555,431 as Other Income on the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss). The timing of the receipt of the funds is unknown at the time of filing these financial statements.

#### b) Canada Emergency Wage Subsidy (CEWS)

The subsidy covers a portion of employee's wages for employers who have suffered a drop in gross revenues. For the three months ended March 31, 2021, the Corporation's Canadian segment received \$73,048 CAD (\$57,665 USD) from the CEWS program which is recognized as Other income in the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss).

#### c) Paycheck Protection Program (PPP)

During the quarter, the PPP loans outstanding at December 31, 2020 of \$63,446 were forgiven and this amount has been recognized as Other Income in the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss).

### 4. Promissory notes

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

	March 31, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	876,241	889,495
Issued due to business acquisitions	-	589,721
Effective interest	17,151	54,528
Repayments	(25,559)	(647,391)
Foreign exchange gains (loss)	2,168	(10,112)
Balance, end of period	870,001	876,241
Current portion	411,831	431,075
Non-current portion	458,170	445,166
Balance, end of period	870,001	876,241
Fair value	882,152	890,690

The promissory notes were all initially recorded at fair value using a market interest rate of 7.45% to 9.5% and subsequently measured at amortized cost using the effective interest rate method.

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

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements (United States dollars)

For the three months ended March 31, 2021 and 2020

### 5. Contingent consideration

The contingent consideration represents earnout payments that are contingent on meeting certain revenue targets that make up a portion of the total purchase price for an acquisition. At initial recognition, the maximum value of the total earnout was measured at fair-value and recorded as a liability. In determining the fair value on the earnout payments, the potential future payments were discounted using a risk adjusted discount rate of 17.50% - 22.06%.

Each reporting period, management evaluates the likelihood of the acquisition reaching its targets. If targets are not being met, the liability will be adjusted accordingly.

The following table summarizes changes in contingent consideration:

	March 31, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	278,456	242,903
Addition from business acquisition	-	179,239
Repayment	-	(76,687)
Fair value gain	(40,388)	(66,999)
Balance, end of period	238,068	278,456
Current portion	37,154	19,323
Non-current portion	200,914	259,133

### 6. Convertible debentures

In January 2021, CAD\$187,000 of the debentures due December 30, 2024 were voluntarily converted into common shares at a conversion price of CAD\$0.52. On March 3, 2021, Nova Leap exercised its option to convert the Corporation's 8.0% unsecured subordinated convertible debentures, with a principal amount of CAD\$2,151,000 and a maturity date of December 30, 2024, into common shares of the Corporation at a conversion price of CAD\$0.52.

The changes in the convertible debentures for the period are as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Balance, beginning of period	2,249,333	1,647,576
Net proceeds from issuance	-	491,124
Conversion of debentures into common shares	(1,723,293)	-
Effective interest	42,867	219,961
Interest payment	(52,359)	(157,604)
Foreign exchange gain	20,520	48,276
Balance, end of period	537,068	2,249,333

### 7. Share capital

#### a. Authorized:

Unlimited number of common shares, without nominal or par value.

#### b. Issued and outstanding:

	March 31, 2021		December 31, 2020	
	Number of Shares	Value \$	Number of Shares	Value \$
Balance, beginning of period	65,612,212	10,285,708	61,963,181	9,001,673
Conversion of debentures into common shares	4,496,141	1,847,702	-	-
Warrants exercised	-	-	3,614,031	1,272,080
Stock options exercised	43,750	25,889	35,000	11,955
Balance, end of period	70,152,103	12,159,299	65,612,212	10,285,708



# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements (United States dollars)

For the three months ended March 31, 2021 and 2020

### 8. 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. Related parties include members of the Board of Directors, as well as the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary.

Head office and operations management expenses include the following related party remuneration expenses:

	Three months ended March 31	
	2021	2020
	\$	\$
Management compensation	107,446	80,905
Directors fees	23,926	14,321
Stock based compensation	51,782	51,750
	<b>183,154</b>	<b>146,976</b>

As at March 31, 2021, there was \$19,290 included in accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2020 – \$nil) for consulting fees and expense reimbursements, and \$23,926 for amounts due to directors for director fees (December 31, 2020 – \$60,478).

Certain related parties held convertible debentures of CAD\$483,000 as at December 31, 2020. On March 3, 2021, CAD\$333,000 were converted into common shares of the Corporation at a conversion price of CAD\$0.52 as detailed in note 6. As of March 31, 2021, convertible debentures of \$119,284 (CAD\$150,000) are held by related parties. For the three months ended March 31, 2021, interest of \$6,010 was paid to related parties at the prescribed rate in relation to the convertible debentures (March 31, 2020 – \$nil).

### 9. Earnings per share

Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that stock options and convertible debentures have been exercised on the later of the beginning of the period and the date granted.

The following table summarizes the difference between basic and diluted weighted average number of shares:

	Three months ended March 31	
	2021	2020
Weighted average number of shares used in basic earnings per share	67,157,989	63,905,581
Shares deemed to be issued for no consideration in respect of share-based payments and convertible debentures	3,746,024	1,468,969
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>70,904,103</b>	<b>65,374,550</b>

### 10. Supplemental cash flow information

	Three months ended March 31	
	2021	2020
	\$	\$
<b>Change in non-cash operating working capital:</b>		
Accounts receivable	(235,337)	68,687
Prepaid expenses	14,620	8,441
Accounts payable and accrued liabilities	132,090	(70,670)
Client deposits payable	(4,848)	2,787
Government loans and deferred payroll liability	(63,446)	-
	<b>(156,921)</b>	<b>9,245</b>

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three months ended March 31, 2021 and 2020

### 11. Financial instruments

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by maximizing cash flow from operations.

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 risks in the current year as it was exposed to in the prior year. 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:

Classes of financial assets – carrying amounts	March 31, 2021	December 31, 2020
	\$	\$
Cash and cash equivalents	2,351,134	2,778,845
Accounts receivable	1,642,962	1,407,625
	<b>3,994,096</b>	<b>4,186,470</b>

#### Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks are managed by only using major reputable financial institutions.

The Group does not specifically assess the credit quality of clients based on a credit rating but through an informal process while onboarding for service. Invoice terms are generally payable within thirty days. The ongoing credit risk is managed through regular review of aging analysis.

At certain locations, clients are required to pay an upfront deposit, mitigating the credit risk. As at March 31, 2021, the Group had \$138,264 collected for client deposits (December 31, 2020 - \$143,112), representing approximately 8.4% of outstanding accounts receivable, billed and accrued (December 31, 2020–10.2%).

#### Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a quarterly lookout period are identified monthly. Net cash requirements are compared to available cash balances and available borrowing facilities in order to determine headroom or shortfalls. This analysis shows that available borrowing facilities and available cash are expected to be sufficient for the next twelve months.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and accounts receivable. The Group's existing cash resources and accounts receivable are in excess of the current contractual cash outflow requirements. Cash flows from accounts and other receivables are all contractually due within 30 days.

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three months ended March 31, 2021 and 2020

### 11. Financial instruments (continued)

The Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

As at March 31, 2021	< 1 year \$	1-2 years \$	3-5 years \$
Account payable and accrued liabilities	1,078,233	-	-
Client deposits	138,264	-	-
Demand loans, principal and interest	929,824	850,309	575,451
Promissory notes, principal and interest	464,825	340,005	147,977
Lease liability, principal and interest	160,219	98,008	147,333
Convertible debentures	48,095	48,095	697,384
Contingent consideration	37,154	147,031	53,882
Government loans (CEBA)	-	63,618	-
Deferred payroll liability	182,400	182,400	-
Total	3,093,014	1,729,466	1,622,027
As at December 31, 2020	< 1 year \$	1-2 years \$	3-5 years \$
Account payable and accrued liabilities	946,143	-	-
Client deposits	143,112	-	-
Demand loans, principal and interest	927,363	882,939	766,449
Promissory notes, principal and interest	489,337	338,988	147,725
Lease liability, principal and interest	168,387	97,371	171,792
Convertible debentures	198,963	194,408	2,842,664
Contingent consideration	19,323	79,894	179,239
Government loans (CEBA)	-	62,834	-
Government loans (PPP), principal and interest	12,816	12,816	38,448
Deferred payroll liability	182,417	182,417	-
Total	3,087,862	1,851,667	4,146,317

### Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate 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 two operations in Canada that transact in Canadian dollars.

The Group's exposure to the Canadian dollar currency risk was as follows:

	March 31, 2021 (CAD) \$	December 31, 2020 (CAD) \$
Cash and cash equivalents	300,565	1,005,575
Accounts receivable	321,480	309,752
Accounts payable & accrued liabilities	(341,252)	(491,865)
Demand loans	(788,526)	(1,089,667)
Promissory notes	(177,411)	(218,719)
Lease liability	(76,587)	(125,141)
Convertible debentures	(537,068)	(2,863,850)
Government loans (CEBA)	(88,291)	(109,868)
	(1,387,090)	(3,583,783)

# Nova Leap Health Corp.

## Notes to Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three months ended March 31, 2021 and 2020

### 11. Financial instruments (continued)

Sensitivity to a plus or minus 5.0% change in the Canadian dollar exchange rate at March 31, 2021 would affect net income and comprehensive income and deficit by approximately \$66,000 (March 31, 2020 - \$74,000).

#### *Interest rate sensitivity*

As at March 31, 2021, 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 income and comprehensive income and deficit by approximately \$33,000 over the remaining term of the loans (March 31, 2020 - \$67,000).

#### **Fair value**

All financial assets and liabilities except for the demand loans, promissory notes, contingent consideration and convertible debentures 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 promissory notes is disclosed in note 4.

### 12. Segment reporting

Management identifies 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.

Segment information for the reporting period is as follows:

	For the three months ended March 31, 2021				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
<b>Segment revenues</b>	<b>3,930,535</b>	<b>1,086,969</b>	<b>5,017,504</b>	<b>2,635</b>	<b>5,020,139</b>
Cost of services	2,543,901	736,887	3,280,788	-	3,280,788
<b>Gross margin</b>	<b>1,386,634</b>	<b>350,082</b>	<b>1,736,716</b>	<b>2,635</b>	<b>1,739,351</b>
General & administrative	1,159,202	193,358	1,352,560	425,483	1,778,043
Amortization and depreciation	183,926	17,179	201,105	13,912	215,017
Stock based compensation	2,772	1,198	3,970	49,852	53,822
<b>Segment operating income (loss)</b>	<b>40,734</b>	<b>138,347</b>	<b>179,081</b>	<b>(486,612)</b>	<b>(307,531)</b>
<b>Segment assets</b>	<b>14,492,059</b>	<b>3,145,645</b>	<b>17,637,704</b>	<b>763,386</b>	<b>18,401,090</b>

  

	For the three months ended March 31, 2020				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
<b>Segment revenues</b>	<b>3,619,760</b>	<b>988,274</b>	<b>4,608,034</b>	<b>3,106</b>	<b>4,611,140</b>
Cost of services	2,373,420	697,262	3,070,682	-	3,070,682
<b>Gross margin</b>	<b>1,246,340</b>	<b>291,012</b>	<b>1,537,352</b>	<b>3,106</b>	<b>1,540,458</b>
General & administrative	847,896	186,518	1,034,414	285,993	1,320,407
Amortization and depreciation	97,483	21,426	118,909	13,119	132,028
Stock based compensation	6,953	2,382	9,335	54,653	63,988
<b>Segment operating income (loss)</b>	<b>294,008</b>	<b>80,686</b>	<b>374,694</b>	<b>(350,659)</b>	<b>24,035</b>
<b>Segment assets</b>	<b>9,593,903</b>	<b>2,897,146</b>	<b>12,491,049</b>	<b>2,104,233</b>	<b>14,595,282</b>

# **Nova Leap Health Corp.**

## **Notes to Unaudited Condensed Interim Consolidated Financial Statements (United States dollars)**

**For the three months ended March 31, 2021 and 2020**

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### **12. Segment reporting (continued)**

The Group's revenues from external customers and its non-current assets are all attributable to the U.S. 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.

### **13. Comparative figures**

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