



**Nova Leap Health Corp.**

**Management Discussion & Analysis  
For the three and nine months ended September 30, 2018**

**NOVA LEAP HEALTH CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

**BACKGROUND**

This Management's Discussion and Analysis ("MD&A") of Nova Leap Health Corp. ("Nova Leap" or "the Corporation") is dated November 22, 2018 and provides an analysis of the Corporation's operations for the periods ended September 30, 2018 and 2017. This MD&A should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2018 and 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the audited consolidated financial statements for the year ended December 31, 2017. All amounts are in United States dollars ("USD") unless otherwise specified. The financial statements and additional information relating to Nova Leap are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com) under the Corporation's profile. The common shares of Nova Leap are traded on the TSX Venture Exchange under the symbol "NLH".

**FORWARD-LOOKING INFORMATION**

Certain statements in this MD&A are forward-looking statements or information (collectively, "forward-looking statements"). Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook"), including statements regarding Nova Leap's business objectives and strategies, including those described under the headings "Corporation Overview", "Operations Overview" and "Nova Leap's Strategy", expected recurring client service hours, expectations for future financing activities, and intentions relating to the payment of dividends, are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions (including assumptions in connection with the continuance of Nova Leap and its subsidiaries as a going concern, its ability to integrate its acquired businesses and general economic and market conditions), inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of Nova Leap, that could influence actual results include, but are not limited to: lack of operating history; regulatory risks; substantial capital and liquidity requirements; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; conflicts of interest of management; exposure to potential litigation, and other factors beyond the control of Nova Leap. See "Risk and Uncertainties" and Nova Leap's continuous disclosure materials filed from time to time on SEDAR for more information on risk factors applicable to Nova Leap.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, Nova Leap undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of Nova Leap or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Any financial outlook or future-oriented financial information in this MD&A has been approved by management of Nova Leap as of the date of this MD&A. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this MD&A.

**USE OF NON-IFRS FINANCIAL MEASURES**

This MD&A contains references to certain measures that do not have a standardized meaning under IFRS as prescribed by the International Accounting Standards Board ("IASB") and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective.

Accordingly, non-IFRS financial measures should not be considered in isolation or as a substitute for analysis of financial information reported under IFRS. The Corporation presents non-IFRS financial measures, specifically, Gross Margin, EBITDA and Adjusted EBITDA (as each of such terms are hereinafter defined). The Corporation believes these non-IFRS financial measures are frequently used by lenders, securities analysts, investors and other interested parties as measures of financial performance and it is therefore helpful to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures.

The Corporation's definitions of Gross Margin, EBITDA and Adjusted EBITDA are as follows:

- Gross margin is service revenue less cost of services;
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"), is calculated as the net loss, before interest expense, net of interest income, income tax expense and amortization; and
- Adjusted EBITDA is defined as EBITDA before acquisition and transaction costs and non-cash expenses, including loss from disposal of assets, impairments, and stock-based compensation expense.

## **CORPORATION OVERVIEW**

The Home Care Providers industry is becoming one of the fastest growing healthcare industries in Canada and the United States. Home care saves patients billions of dollars every year by treating them in their own homes instead of in hospitals. An aging population, the prevalence of chronic disease, growing physician acceptance of home care, medical advancements and a movement toward cost-efficient treatment options from public and private payers have all fostered industry growth. Nova Leap is focused on a highly fragmented market of small privately-held companies providing patients one on one care in their homes, facilities or hospice. Nova Leap's post acquisition organic growth strategy is to increase annual revenue per location through a combination of increased employee investment, including training, focused sales and marketing efforts, billing rate increases, expansion of geographical coverage, and improved referral sources. As of the date of this MD&A, Nova Leap has operations in the United States in Massachusetts, Rhode Island, New Hampshire and Vermont and in Nova Scotia, Canada. The Corporation intends to continue its growth strategy through acquisitions, while pursuing organic growth opportunities and implementing operational efficiencies in existing operations.

Nova Leap was incorporated pursuant to the Canada Business Corporations Act ("CBCA") on November 16, 2015 and completed its initial public offering ("IPO") on April 26, 2016. From the date of the IPO until October 13, 2016, the principal business of the Corporation was the identification, evaluation and completion of a Qualifying Transaction ("QT") pursuant to Exchange Policy 2.4 – Capital Pool Companies. The Corporation spent this period investigating prospective acquisitions and devoted all its efforts to securing and establishing a new business. Accordingly, no operating revenue had been derived during the period from November 16, 2015, date of incorporation, to October 13, 2016.

On October 13, 2016, the Corporation completed its QT by acquiring the home care assets of Northern Family Home Care, Inc. ("NFHC") located in New Hampshire, USA for a total purchase price of \$240,000. In relation to the completion of the QT, on October 25, 2016, the Corporation completed a non-brokered private placement by the issuance of convertible debentures for proceeds of \$186,529 (\$250,000 CAD). The convertible debentures were all repaid in cash in 2017.

The consolidated financial statements and MD&A 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 Health MA II, Inc., Nova Leap Health MA III, Inc., Armistead NH II, Inc. and Armistead Home Care, LLC as well as its Canadian subsidiaries 3315960 Nova Scotia Ltd. and All About Homecare Services Inc. The registered head office of the Corporation is located at 2108-1969 Upper Water Street, Halifax, NS Canada B3J 3R7.

### ***Highlights for 2018***

#### **Acquisitions**

- February 2018, Nova Leap completed the acquisition of the business assets of Family Tree Home Care, Inc. ("Family Tree") located in Shrewsbury, Massachusetts for \$2,100,000. The purchase price for the acquisition was paid with \$450,000 in cash, a demand loan of \$1,350,000 from a Canadian Schedule 1 Bank, and a \$300,000 promissory note issued to the Vendor. Family Tree serves clients and families in the state of Massachusetts and had 2017 unaudited revenues of \$3,200,000.

- April 2018, Nova Leap completed the acquisition of the business assets of Home Health Solutions, Inc. (“Home Health”) located in Holyoke, Massachusetts for \$1,200,000. The purchase price for the acquisition was paid with \$1,000,000 in cash, partially financed by a demand loan of \$750,000 from a Canadian Schedule 1 Bank, and a \$200,000 promissory note issued to the Vendor. Home Health serves clients and families in the state of Massachusetts and had 2017 unaudited revenues of \$1,900,000.
- June 2018, the Corporation acquired all the issued and outstanding share capital of Always Home Homecare Services Inc. (“Always Home”), a company in Halifax Nova Scotia, for approximately \$2,121,259 (\$2,750,000 CAD) plus closing adjustments. The purchase price for the acquisition was paid with \$1,079,914 (\$1,400,000 CAD) in cash, a demand loan of \$771,367 (\$1,000,000 CAD) from a Canadian Schedule 1 Bank, and a \$252,693 (\$350,000 CAD) promissory note issued to the Vendor. Always Home serves clients and families in the province of Nova Scotia and had 2017 unaudited revenues of \$2,400,000.
- September 2018, Nova Leap completed the acquisition of the business assets of Comprehensive Home Care (“Comprehensive”) located in South Deerfield, Massachusetts for \$1,600,000. The purchase price for the acquisition was paid with \$1,360,000 in cash, partially financed by a demand loan of \$752,673 (\$1,000,000 CAD) from a Canadian Schedule 1 Bank, and a \$240,000 promissory note issued to the Vendor. Comprehensive serves clients and families in the state of Massachusetts and had 2017 unaudited revenues of \$3,100,000.

### **Equity Financing**

- January 2018, Nova Leap completed a non-brokered private placement for proceeds of \$382,386 USD (\$475,000 CAD) by the sale of units of the Corporation at a price of \$0.20 CAD per unit. Each unit was 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 of this private placement.
- February 2018, Nova Leap closed a brokered private placement and raised gross proceeds of \$1,350,845 (\$1,711,250 CAD) 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. 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.
- April 2018, Nova Leap 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. The Corporation paid the Agents a cash commission of \$53,937 and issued 221,879 agents’ warrants.
- May 2018, Nova Leap 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 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.
- September 2018, Nova Leap closed the first tranche of a brokered and non-brokered private placement and raised gross proceeds of \$1,226,396 (\$1,587,500 CAD) net of share issue costs of \$73,571 through the issuance of 4,535,915 common shares at a price of \$0.35 CAD per share. All common shares issued pursuant to the private placement are subject to a 4 month hold period that expires on January 28, 2019. The Corporation paid the Agents a cash commission of \$28,956 and issued 107,097 agents’ warrants.

### **Other**

- January 2018, Nova Leap 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.

### ***Highlights Subsequent to September 30, 2018***

- October 2018, Nova Leap completed the acquisition of the business assets of Living at Home SeniorCare (“Living at Home”) located in Amherst, New Hampshire for \$425,000. The purchase price for the acquisition was paid with \$325,000 in cash and a \$100,000 promissory note issued to the Vendor. The acquired business began to operate under one of Nova Leap’s existing brands, Armistead Senior Care, upon closing and serves clients and families in the state of New Hampshire and had 2017 unaudited revenues of \$932,000.
- October 2018, Nova Leap closed the second tranche of a brokered and non-brokered private placement and raised gross proceeds of \$407,081 (\$532,299 CAD) through the issuance of 1,520,855 shares at a price of \$0.35 CAD per share. All common shares issued pursuant to the private placement are subject to a 4 month hold period that expires on February 24, 2019. The Corporation paid the Agents a cash commission of \$12,606 and issued 47,097 agents’ warrants.

### **NOVA LEAP’S STRATEGY**

Nova Leap will continue with its strategy of acquiring home health care companies and will consider opportunities in the United States and Canada where clients pay out of pocket, are covered through commercial insurance or through a government program such as Medicare or the Department of Veteran Affairs. The Corporation has completed five acquisitions as of the date of this MD&A. Achieving the Corporation’s plans remains dependent on Management’s ability to acquire profitable home health care businesses and to raise adequate funds to complete such acquisitions.

Post-acquisition, Nova Leap’s strategy is to enhance all businesses through the following:

- 1) Enhancement of sales and marketing strategies;
- 2) Implementation of efficiencies around payroll, scheduling, billing and accounting and human capital;
- 3) Increased investment in staff and staff training;
- 4) Expansion of services, partnerships and existing geographical coverage;
- 5) In-State organic expansion by increased office location footprint; and
- 6) Implementation of risk management policies.

### **OPERATIONS OVERVIEW**

The Corporation through its subsidiaries provides the following services to clients and families:

- Companionship;
- Dementia care;
- Cooking and meal preparation;
- Light housekeeping;
- Respite care;
- Transportation service;
- Personal care;
- Medication reminders; and
- Medication administration by nursing staff.

The Corporation currently services clients in United States in the states of Rhode Island, New Hampshire, Vermont and Massachusetts and in Canada in the province of Nova Scotia from eight office locations under various brands.

Services are generally paid directly by clients, the Department of Veteran Affairs or through long term care insurance coverage. Services are provided in private homes, assisted living communities, hospitals, nursing homes, hospice and rehabilitation centers.

#### *Dates of Acquisition*

The operating results include the results of operations for the periods ended September 30, 2018 and 2017 for the parent company, Nova Leap Health Corp., but only the results from operations of the subsidiaries as follows:

- Littleton, New Hampshire for the period from October 13, 2016 onward
- Rhode Island for the period from September 22, 2017 onward,
- South Burlington, Vermont and Lebanon, New Hampshire for the period from October 6, 2017 onward,
- Shrewsbury, Massachusetts for the period from February 23, 2018 onward

- Holyoke, Massachusetts for the period from April 14, 2018 onward
- Halifax, Nova Scotia for the period from June 1, 2018 onward, and
- South Deerfield, Massachusetts for the period from September 28, 2018 onward.

***Client service hours***

Consolidated actual client service hours of the Corporation were as follows (by quarter):

<b>Sep 30, 2018</b>	<b>Jun 30, 2018</b>	<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>
129,496	93,272	49,797	33,698
<b>Sep 30, 2017</b>	<b>Jun 30, 2017</b>	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>
3,506	1,780	1,636	1,227

The Corporation's client service hours increase each quarter due to the acquisition of new operations (see "Dates of Acquisition") above.

Based on the third quarter 2018 actual hours, and the timing of closing acquisitions, the expected annualized recurring client service hours for current operations are approximately 580,000.

**SELECTED ANNUAL INFORMATION**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Service revenue	1,059,845	39,991
Loss from operating activities	(907,150)	(515,240)
EBITDA	(871,559)	(511,996)
Adjusted EBITDA	(649,247)	(310,022)
Net loss	(851,609)	(489,519)
Net loss per share – basic and diluted	(0.04)	(0.04)
Total assets	2,914,446	391,466
Total current liabilities	1,092,898	67,804
Long-term financial liabilities	-	178,280

*Reconciliation of Non-IFRS Measures*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Loss from operating activities</b>	<b>(907,150)</b>	<b>(515,240)</b>
Amortization	35,591	3,244
<b>EBITDA</b>	<b>(871,559)</b>	<b>(511,996)</b>
Acquisition costs	218,421	56,604
Impairment	3,891	51,056
Stock-based compensation	-	94,314
<b>Adjusted EBITDA</b>	<b>(649,247)</b>	<b>(310,022)</b>

## RESULTS OF OPERATIONS

For the three months ended September 30, 2018 and 2017, the Corporation reported a net loss of \$378,382 and \$268,004, respectively and for the nine months ended September 30, 2018 and 2017, the Corporation reported a net loss of \$988,587 and \$590,885, respectively. This represents a loss per share of \$0.01 and \$0.01 for the three months ended September 30, 2018 and 2017 respectively (\$0.02 and \$0.03 for the nine months ended September 30, 2018 and 2017, respectively).

	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	\$	\$	\$	\$
<b>Revenues</b>				
Net service revenue	2,871,010	88,682	6,561,087	168,649
<b>Operating expenses</b>				
Cost of Service	1,991,835	54,653	4,451,057	107,880
	879,175	34,029	2,110,040	60,769
<b>Corporate and administrative</b>				
Head office and operations management	585,379	90,420	1,536,577	244,448
Corporate & administrative - other	252,439	115,171	653,165	299,427
Amortization	177,472	795	392,602	1,809
Stock based compensation	26,248	-	134,395	-
Impairment loss	-	2,505	-	3,891
	1,041,538	208,891	2,716,739	549,575
<b>Loss from operating activities</b>	162,363	174,862	606,699	488,806
<b>Net finance, acquisition related expenses and foreign exchange</b>				
Finance income	-	412	-	873
Finance expense	(91,813)	-	(200,973)	(4,421)
Foreign exchange gain (loss)	(69,608)	(30,526)	75,104	(32,242)
Acquisition related expenses	(83,673)	(63,028)	(307,075)	(82,881)
	(245,094)	(93,142)	(432,944)	(118,671)
Deferred income tax recovery	29,075	-	51,056	16,592
<b>Net loss</b>	378,382	268,004	988,587	590,885

Revenue is recognized at an hourly rate specified in client agreements and recognized as revenue at the time services are rendered. The Corporation earned \$2,871,010 and \$88,682 for the three months ended September 30, 2018 and 2017, respectively, and \$6,561,097 and \$168,649 for the nine months ended September 30, 2018 and 2017, respectively.

In the home care industry, cost of services is comprised of employee compensation which is generally variable where caregivers are paid on an hourly basis along with related payroll expenses and workers compensation expense. Cost of services for the Corporation was \$1,991,835 and \$54,653 for the three months ended September 30, 2018 and 2017, respectively, and \$4,451,057 and \$107,880 for the nine months ended September 30, 2018 and 2017, respectively.

The corporate and administrative expenses include professional fees, consulting fees and salary for officers and operations management, regulatory and transfer agent fees related to costs associated with operating a public company along with costs related to the ongoing management of home care operations and costs related to the continued efforts for identification and evaluation of additional acquisitions.

**The Corporation's business activities are conducted through two segments:**

As of September 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.

***For the three months ended September 30, 2018***

	For the three months ended September 30, 2018		
	US	Canada	Total
	\$	\$	\$
Segment revenues (all from external customers)	2,309,911	561,099	2,871,010
Cost of services	1,584,656	407,179	1,991,835
Gross Profit	725,255	153,920	879,175
General & administrative	632,951	116,601	749,552
Segment operating income	92,304	37,319	129,623
EBITDA	240,201	66,894	307,095
Adjusted EBITDA	241,968	66,894	308,862

***Reconciliation of Non-IFRS Measures***

	For the three months ended September 30, 2018		
	US	Canada	Total
	\$	\$	\$
Segment operating income	92,304	37,319	129,623
Amortization	147,897	29,575	177,472
EBITDA	240,201	66,894	307,095
Stock-based compensation	1,767	-	1,767
Adjusted EBITDA	241,968	66,894	308,862

***For the three months ended September 30, 2017***

	For the three months ended September 30, 2017		
	US	Canada	Total
	\$	\$	\$
Segment revenues (all from external customers)	88,682	-	88,682
Cost of services	54,653	-	54,653
Gross Profit	34,029	-	34,029
General & administrative	47,948	-	47,948
Segment operating loss	(13,919)	-	(13,919)
EBITDA	(13,124)	-	(13,124)
Adjusted EBITDA	(10,619)	-	(10,619)

***Reconciliation of Non-IFRS Measures***

	For the three months ended September 30, 2017		
	US	Canada	Total
	\$	\$	\$
Segment operating loss	(13,919)	-	(13,919)
Amortization	795	-	795
EBITDA	(13,124)	-	(13,124)
Impairment	2,505	-	2,505
Adjusted EBITDA	(10,619)	-	(10,619)

The US operating segment had operating income for the three months ended September 30, 2018 of \$92,304 and Adjusted EBITDA of \$241,968. The Canada operating segment had operating income of \$37,319 and Adjusted EBITDA of \$66,894 for the three months ended September 30, 2018.

***For the nine months ended September 30, 2018***

	<b>For the nine months ended September 30, 2018</b>		
	<b>US</b>	<b>Canada</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment revenues (all from external customers)	5,800,945	760,152	6,561,097
Cost of services	3,903,458	547,599	4,451,057
Gross Profit	1,897,487	212,553	2,110,040
General & administrative	1,740,354	159,008	1,899,362
Segment operating income	157,133	53,545	210,678
EBITDA	509,968	93,312	603,280
Adjusted EBITDA	520,021	93,312	613,513

***Reconciliation of Non-IFRS Measures***

	<b>For the nine months ended September 30, 2018</b>		
	<b>US</b>	<b>Canada</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment operating income	157,133	53,545	210,678
Amortization	352,835	39,767	392,602
EBITDA	509,968	93,312	603,280
Stock-based compensation and loss on disposal	10,233	-	10,233
Adjusted EBITDA	520,201	93,312	613,513

***For the nine months ended September 30, 2017***

	<b>For the nine months ended September 30, 2017</b>		
	<b>US</b>	<b>Canada</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment revenues (all from external customers)	168,649	-	168,649
Cost of services	107,880	-	107,880
Gross Profit	60,769	-	60,769
General & administrative	118,958	-	118,958
Segment operating loss	(58,189)	-	(58,189)
EBITDA	(56,380)	-	(56,380)
Adjusted EBITDA	(52,489)	-	(52,489)

***Reconciliation of Non-IFRS Measures***

	<b>For the nine months ended September 30, 2017</b>		
	<b>US</b>	<b>Canada</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment operating loss	(58,189)	-	(58,189)
Amortization	1,809	-	1,809
EBITDA	(56,380)	-	(56,380)
Impairment	3,891	-	3,891
Adjusted EBITDA	(52,489)	-	(52,489)

The US operating segment had operating income for the nine months ended September 30, 2018 of \$157,133 and Adjusted EBITDA of \$520,201. The Canada operating segment had operating income of \$53,545 and Adjusted EBITDA of \$93,312 for the period from the acquisition of Always Home on June 1, 2018 to September 30, 2018.

## SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results is included in the table below. The financial information is extracted from or derived from the Corporation's unaudited interim consolidated financial statements and conform with IFRS.

	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
	\$	\$	\$	\$
<b>Revenue</b>	2,871,010	2,425,066	1,265,021	891,196
<b>Net loss</b>	351,484	171,463	438,742	260,733
<b>Net loss per share</b>				
- <b>Basic and diluted</b>	0.01	0.01	0.01	0.01
	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
	\$	\$	\$	\$
<b>Revenue</b>	88,682	39,836	40,131	26,603
<b>Net loss</b>	268,004	164,063	158,809	118,142
<b>Net loss per share</b>				
- <b>Basic and diluted</b>	0.01	0.01	0.01	0.01

The Corporation's QT closed in October 2016 and active operations began with the acquisition of Northern Family Home Care resulting in revenues for its subsidiaries from the date of acquisition to September 30, 2018 (see "Results of Operations", above) resulting in significantly higher revenue quarter over quarter from the date of the first acquisition in October 2016. The net loss to date primarily relates to the ongoing Head Office expenses, acquisition expenses and expenses related to ongoing evaluation of opportunities.

## CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

### *Operating Activities*

The Corporation's cash used in operating activities was \$56,955 for the three months ended September 30, 2018 (\$1,194,055 for the nine months ended September 30, 2018) as compared to \$86,147 for the three months ended September 30, 2017 (\$399,690 for the nine months ended September 30, 2017). The operating activities for the periods ended September 30, 2018 and 2017 were primarily related to corporate and administrative costs (professional fees, consulting fees and salary, regulatory and transfer agent fees, etc.) associated with operating a public company and acquisition expenses along with the ongoing management of home care operations, the continued efforts for identification, evaluation and completion of the additional acquisitions.

### *Financing Activities*

The Corporation's cash provided by financing activities for the three months ended September 30, 2018 was \$1,692,595 (\$8,908,577 for the nine months ended September 30, 2018) as compared to \$1,359,750 for the three ended September 30, 2017 (\$1,683,041 for the nine months ended September 30, 2017). Financing activities for the nine months ended September 30, 2018 included the issuance of common shares through private placements, for aggregate proceeds net of issue costs of \$1,171,927, proceeds from the exercise of Agent's warrants of \$457, proceeds from a demand loan net of transaction costs of \$720,049 offset by principal and interest payments on the demand loan of \$199,838. Financing activities for the three months ended September 30, 2017, included the issuance of Units through private placements, for aggregate proceeds net of issue costs of \$799,873 and proceeds from a demand loan net of transaction costs of \$559,877.

### *Investing Activities*

The Corporation's cash used in investing activities for the three months ended September 30, 2018 was \$1,360,000 (nine months ended September 30, 2018 was \$6,030,702) as compared to \$1,200,000 for the three and nine months ended September 30, 2017. The cash used in investing activities for the nine months ended September 30, 2018 was for the acquisitions of Family Tree, Home Health, Always Home and Comprehensive and \$35,103 related to the

purchase of automobiles for home care operations. The cash used in investing activities for the nine months ended September 30, 2017 was for the acquisition All About Home Care in Rhode Island.

### *Liquidity*

The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business. Continuing operations as intended are dependent on management's ability to raise required funding through future issuances of equity or debt, its ability to acquire targets or business interests and develop profitable operations or as combination thereof, which is not assured.

As at September 30, 2018, the Corporation had negative working capital of approximately \$1.9 million including a \$3.8 million demand loan that is classified as a current liability due to its demand feature. The Corporation currently has enough cash to meet its obligations as they come due including scheduled loan payments but will require financing for future acquisitions.

The Corporation's expectations assume that the Corporation will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or, if available, that such financing will be on acceptable terms. If adequate financing is not available when required, the Corporation may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Corporation may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Corporation's shareholders and may result in dilution to the value of such interests.

The Corporation's future revenues are expected to be from home health care businesses.

### *Capital Resources*

The Corporation had 2,835,000 stock options exercisable and 12,571,986 warrants outstanding at September 30, 2018, which could, potentially bring in additional financing upon exercise. There is no certainty that the Corporation will receive these stock option or warrant proceeds over time as not all stock options or warrants may be exercised.

## **TRANSACTIONS WITH RELATED PARTIES**

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 nine months ended September 30, 2018, a company controlled by the CEO billed a total \$2,627 and \$10,687, respectively (\$4,729 and \$13,606 – September 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 the 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:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
	\$	\$	\$	\$
Consulting fees	80,341	49,718	244,678	145,606
Directors fees	14,729	-	44,858	-
Stock based compensation	22,713	-	117,923	-
	<b>117,783</b>	<b>49,718</b>	<b>407,459</b>	<b>145,606</b>

As at September 30, 2018, there was \$78,133 included in Accounts payable and accrued liabilities for amounts owed to officers and directors of the Corporation (December 31, 2017 – \$167,073) for consulting fees, directors fees and expense reimbursements.

## **OFF BALANCE SHEET ITEMS**

The Corporation has no off-balance sheet arrangements.

## **OUTSTANDING SHARE DATA**

Authorized capital stock consists of an unlimited number of common shares without nominal or par value.

As at the date of the Management Discussion & Analysis, there were 59,639,966 common shares of the Corporation issued and outstanding of which 3,000,000 were held in escrow. There were also 12,627,563 warrants outstanding and 2,835,000 stock options outstanding as at the date of the MD&A.

## **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 Corporation 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.

## **FUTURE ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED**

Several new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2019 and have not been applied in preparing the condensed interim consolidated financial statements. Accordingly, the Corporation expects to adopt these standards as set forth below.

### *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.

## **RISKS AND UNCERTAINTIES**

The following are certain factors relating to the business of the Corporation. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair operations of the Corporation. If any such risks actually occur, the financial condition, liquidity and results of operations of the Corporation could be materially adversely affected and the ability of the Corporation to implement its plans could be adversely affected.

### **Risks Related to Ownership of Nova Leap Stock**

#### *Financing Risks and Dilution to Shareholders*

The Corporation has limited financial resources and is in early stages of operations. If the Corporation's business plan is successful, additional funds will be required. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Corporation's shareholders.

#### *Price Volatility of Public Stock*

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Corporation's shares will be subject to market trends generally and the value of the Corporation's shares on a stock exchange may be affected by such volatility.

#### *Conflicts of Interest*

The Corporation's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Corporation may participate, the directors and officers of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Corporation will follow the provisions of the CBCA in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the CBCA. In accordance with the applicable laws, the directors and officers of the Corporation are required to act honestly, in good faith and in the best interest of the Corporation.

#### **Risks Related to Growth Strategy**

The Corporation may not be able to integrate the operations of our acquired businesses with our current business structure in an efficient and cost-effective manner. Acquisitions involve significant risks and uncertainties, including difficulties integrating personnel and business practices into our business, the potential loss of key employees or referral sources. The failure to effectively integrate any of these businesses could have a material adverse effect on the business and consolidated financial condition, results of operations and cash flows of the Corporation.

#### **Risks Related to Operations**

##### *Dependence on Management*

The Corporation is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Corporation could result, and other persons would be required to manage and operate the Corporation.

##### *Renewal of Home Care License*

To operate as a Home Care Service Provider Agency in the States of New Hampshire and Rhode Island, a company is required to have a license that follows the applicable state rules. Such a license is subject to periodic renewal, and as a result there is no assurance or guarantee that the Corporation will pass any future license renewal processes. If the license is not renewed it will impact the ability to generate future profits. The Corporation currently operates under valid licenses.

##### *Competition*

The home health care industry is highly competitive, with few barriers to entry in certain states. We compete based on the availability of caregivers, the quality of services, expertise of visiting staff, and the price of our services. Increased competition in the future may limit our ability to maintain or increase market share. Also, the Corporation competes with other companies that have greater financial resources. Competition could adversely affect the Corporation's ability to expand in the future.

##### *Relationships with patient referral sources*

If we are unable to maintain relationships with existing patient referral sources, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected. The Corporation's success depends on referrals from various sources in the communities we serve and our ability to maintain good relationships with existing referral sources. Our referral sources are not contractually obligated to refer clients to us and may refer

clients to other providers which would impact Nova Leap adversely.

#### *Shortage of caregivers*

There is a shortage of caregivers in many of the regions in which we operate. As a result, we may face higher costs of recruiting and retaining caregivers, compensating caregivers or loss of clients and revenue which would all adversely impact the Corporation.

#### *Information systems*

The Corporation's business depends on information systems. Our ability to effectively integrate, manage and keep our information systems secure and operational could disrupt our operations.

#### *Litigation*

The Corporation and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

#### *Insurance*

Nova Leap's insurance liability coverage may not be sufficient for our business needs. As a result of operating in the home health care industry, our business entails an inherent risk of claims, losses and potential lawsuits alleging incidents involving our caregivers that are likely to occur in a patient's home. We maintain professional liability insurance to provide coverage to us and our subsidiaries against these risks; however, there is no assurance claims will not be made in the future in excess of the limits of our insurance.

#### *Natural disasters*

The occurrence of natural disasters, such as hurricanes, blizzards and other snow and ice events, in the markets in which we operate could impact our ability to serve our clients which could result in lower revenue for the period in which they occur.

#### *Write-off of Goodwill*

A write-off of a significant amount of intangible assets or long-lived assets could have a material adverse effect on our consolidated financial condition and results of operations. A significant and sustained decline in Nova Leap's stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate, or slower growth rates could result in an impairment analysis. Nova Leap has grown substantially through acquisitions; therefore, goodwill and other acquired intangible assets represent a significant portion of our assets. A write-off of these assets could have a material adverse effect on our consolidated financial condition and results of operations.

### **Risks Related to Liquidity**

#### *Lack of Operating History*

The Corporation is a relatively new company with limited operating history. The Corporation was incorporated in November 2015 and completed its first home care business acquisition on October 13, 2016. It has yet to generate positive cash flows from operations. The Corporation is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective.

#### *Substantial Capital Requirements*

Substantial additional funds for the establishment of the Corporation's planned operations will be required. No assurances can be given that the Corporation will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Corporation may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Corporation or at all. If the Corporation is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

#### *Delays in client payments*

The Corporation business is characterized by delays from the time we provide services to the time we receive payment for those services. If we experience information system problems or experience other issues in completing adequate paperwork for the Department of Veteran's Affairs or long-term insurance reimbursement, we may encounter additional delays in our payment cycle. Timing delays in billings and collections may cause working capital shortages.

## Economic Conditions

Unfavorable economic conditions may negatively impact the Corporation's financial viability because of increased financing costs and limited access to capital markets.

### 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:

Classes of financial assets – carrying amounts	September 30, 2018	December 31, 2017
	\$	\$
Cash and cash equivalents	1,820,640	136,820
Accounts receivable	1,207,762	269,947
	3,028,402	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 September 30, 2018, the Group had \$64,776 collected for client deposits, representing approximately 5% 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 September 30, 2018, the Group had a cash and cash equivalents balance of \$1,820,640. The Group has a working capital shortfall at September 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	726,885	-	-	-
Client deposits	64,776	-	-	-
Demand loan	973,797	956,806	2,528,351	349,908
Promissory note	465,187	465,187	80,000	-

#### 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:

	September 30, 2018	December 31, 2017
	(CAD)	(CAD)
	\$	\$
Cash and cash equivalents	1,592,538	72,346
Accounts receivable	413,659	-
Accounts payable & accrual liabilities	(449,626)	(274,793)
Demand loan	(1,867,647)	-
Promissory note	(335,803)	-
	(646,879)	(202,447)

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 \$25,000.

### *Interest rate sensitivity*

As at September 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 \$119,000 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 \$3,941,264 as at September 30, 2018. The fair value of the promissory notes is approximately \$1,010,375 as at September 30, 2018.

### **Dividends**

The Corporation has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for corporate development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Corporation's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

### **Management's Responsibility for Financial Statements**

The information provided in the Corporation's consolidated financial statements, is the responsibility of management. In the preparation of the statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") for non-venture issuers, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency

and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Nature of the Securities**

The purchase of the Corporation's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Corporation's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Corporation. The Board of Directors of the Corporation has approved the consolidated financial statements and the disclosure contained in this MD&A. A copy of this MD&A may be obtained upon request to the Corporation or on SEDAR.

Dated: November 22, 2018