Nova Leap Health Corp.

Management Discussion & Analysis
For the year ended December 31, 2019

NOVA LEAP HEALTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

BACKGROUND

This Management's Discussion and Analysis ("MD&A") of Nova Leap Health Corp. ("Nova Leap" or "the Corporation"), together with its subsidiaries the "Group", is dated March 12, 2020 and provides an analysis of the Corporation's operations for the years ended December 31, 2019 and 2018. This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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, 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; 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. 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, adjusted net income, annualized recurring revenue, annualized revenue, annualized EBITDA and organic EBITDA growth (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 non-IFRS financial measures are as follows:

- Gross margin is service revenue less cost of service;
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"), is calculated as the net loss, before acquisition and transaction costs, non-cash expenses (including loss from disposal of assets, impairments, amortization and depreciation and stock-based compensation), foreign exchange gains/losses, interest expense, net of interest income and income tax expense.
- Adjusted net income is net income adjusted for stock-based compensation expense, acquisition expenses, foreign exchange gains/losses, restructure charges, and severance and other costs.
- Annualized recurring revenue run rate is the expected annualized recurring revenue based on the most recent month's actual revenue for current operations multiplied by 12.
- Annualized revenue and annualized EBITDA are calculated as actual revenue or EBITDA extrapolated from the beginning of the year or date of acquisition over 365 days.
- Organic EBITDA growth is calculated as the increase in EBITDA period over period for entities owned for the entire reporting periods being compared.

CORPORATION OVERVIEW

The Home Care Providers industry is becoming one of the fastest growing healthcare industries in the United States and Canada. Home care saves patients and taxpayers 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 clients one on one care in their homes, facilities or hospice. Nova Leap's post acquisition organic growth strategy is to increase annual EBITDA per location through a combination of increased employee investment, including training, focused sales and marketing efforts, billing rate increases, expansion of geographical coverage, improved referral sources and implementation of efficiencies in payroll, scheduling, billing and human capital. As of the date of this MD&A, Nova Leap has operations in the United States in Massachusetts, Rhode Island, New Hampshire, Vermont and Oklahoma and in Nova Scotia, Canada. The Corporation intends to continue its growth strategy through acquisitions, while pursing organic growth opportunities and implementing operational efficiencies in existing operations.

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

Highlights for 2019

Acquisitions

- April 2019, Nova Leap completed the acquisition of the business assets of Careforce Home Care Limited ("Careforce") with locations in Kentville and New Glasgow, Nova Scotia, Canada for $561,672 (CAD$750,000). The purchase price for the acquisition was paid with $259,392 (CAD$350,000) in cash and a $302,280 (CAD$400,000) promissory note issued to the Vendor.

- October 2019, Nova Leap completed the acquisition of the business assets of Around the Clock Home Care, LLC ("ATC") located in Chickasha and Duncan, Oklahoma for a maximum total consideration of $660,000. The purchase price for the acquisition was paid with $345,000 in cash and up to $315,000 by way of a 3-year structured earnout. Under the Earnout, the maximum potential annual payout in each of 2020, 2021, and 2022 is subject to a ceiling of $105,000 and is calculated based on gross service revenue of the acquired operations for the previous 12-month period, which begins October 1, 2019. The Earnout is also subject to a floor such that no payments will be made in a particular year if gross service revenue falls below approximately $1 million for the preceding 12-month period

- November 2019, Nova Leap completed the acquisition of the business assets of Keystone Home Care, LLC ("Keystone") located in Stow, Massachusetts for $375,000. The purchase price for the acquisition was paid in cash.

Financing

- December 2019, Nova Leap closed the first tranche of a non-brokered private placement through the issuance of unsecured subordinated convertible debentures for gross proceeds of $1,800,123 (CAD$2,338,000). The debentures will mature in five (5) years from issuance, bear interest of 8% per annum, paid semi-annually, and contain a conversion price of CAD $0.52 per common share.
- Nova Leap's overall access to capital improved as the Company received a CAD$1 million credit facility in Q2 2019 for working capital purposes from a Schedule 1 Canadian bank. The credit facility had an outstanding balance of $nil as at December 31, 2019.
- Throughout the year ended December 31, 2019, 2,078,215 warrants were exercised for proceeds of $551,833 (CAD$726,828), and 245,000 stock options were exercised for $18,231 (CAD$24,500).

Operational results

- Achieved record quarterly revenues resulting in the Company's 10th consecutive quarter of revenue growth.
- During Q3 2019, Nova Leap surpassed 1 million hours of service to the Company's clients.
- Q4 2019 revenues of $4,818,729 were 26.8% higher than Q4 2018 revenues of $3,801,082 and 8.9% higher than Q3 2019 revenues of $4,424,350.
- 2019 record annual EBITDA of $907,260 was an increase of 663% over 2018 EBITDA of $(161,112).
- Record operating cash flows of $613,802 for the year ended December 31, 2019 was an increase of $2,164,010 over December 31, 2018 operating cash flows of $(1,550,208).
- The Company reported adjusted net income of $1,669 for Q4 2019 (see reconciliation of adjusted net income to net income below in "Summary of Quarterly Results" section).

Highlights Subsequent to December 31, 2019

- On January 16, 2020, Nova Leap closed the second and final tranche of its non-brokered private placement through the issuance of unsecured subordinated convertible debentures for gross proceeds of $579,532 USD (CAD$756,000 CAD).
- Subsequent to December 31, 2019, 2,544,712 warrants were exercised for proceeds of $684,920 (CAD$904,972) between the period end and the time of reporting. 56,250 warrants which were outstanding and exercisable at period end, expired on January 7, 2020 and 1,525,500 warrants which were outstanding and exercisable at period end, expired on February 22, 2020.
- Subsequent to December 31, 2019, a promissory note relating to an acquisition made in 2018 was paid out in full, with the second and final payment of $154,500 (including interest) made on January 31, 2020.

NOVA LEAP'S STRATEGY

Nova Leap will continue with its strategy of acquiring home and home health care companies and will consider opportunities in the United States and Canada where clients pay out of pocket, are covered through long-term care insurance or through a government program such as Medicare or the Department of Veteran Affairs. The Corporation has completed eleven acquisitions as of the date of this MD&A. Achieving the Corporation's plans remains dependent on Management's ability to acquire profitable home and home health care businesses and to arrange financing 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, accounting and human capital;
3) Increased investment in staff and staff training;
4) Expansion of services, partnerships and geographical coverage;
5) In-State and In-Province organic expansion by increased office location footprint; and
6) Enhancement of risk management policies.

During the period, Management continued to focus on streamlining operations and centralized many of the home care support functions such as scheduling, billing, payroll and accounting function for the acquisitions completed to date.

OPERATIONS OVERVIEW

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

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

As of the date of this MD&A, the Corporation currently services clients in United States in the states of Massachusetts, Rhode Island, New Hampshire, Vermont and Oklahoma and in Canada in the province of Nova Scotia from twelve 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 December 31, 2019 and 2018 for the parent company, Nova Leap Health Corp., and US operations, Rhode Island and South Burlington, Vermont and Lebanon, New Hampshire, but only the results from operations of the subsidiaries as follows:

- 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 September 1, 2018 onward,
- South Deerfield, Massachusetts for the period from September 28, 2018 onward,
- Amherst, New Hampshire for the period from October 19, 2018 onward,
- Kentville and New Glasgow, Nova Scotia for the period from April 20, 2019 onward.
- Chickasha and Duncan, Oklahoma for the period from October 5, 2019 onward, and
- Stow, Massachusetts for the period from November 2, 2019 onward

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 consolidated financial statements.

	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Client service hours	191,651	177,119	169,741	155,742
Revenue	$4,818,729	$4,424,350	$4,249,781	$3,911,855
Adjusted net income (loss) *(1)*	$1,669	$2,985	$(148,933)	$(123,376)
Net (loss) income	$(298,399)	$(43,074)	$(315,208)	$(399,134)
Net loss per share - **Basic and diluted**	$0.00	$0.00	$0.01	$0.01
	Dec 31, 2018	**Sep 30, 2018**	**Jun 30, 2018**	**Mar 31, 2018**
Client service hours	161,707	129,496	93,272	49,797
Revenue	$3,801,082	$2,871,010	$2,425,066	$1,265,021
Adjusted net income (loss) *(1)*	$(185,649)	$(198,853)	$(170,081)	$(246,490)
Net income (loss)	$27,316	$(378,382)	$(171,463)	$(438,742)
Net loss per share - **Basic and diluted**	$0.00	$0.00	$0.01	$0.01

The Corporation's client service hours have increased each quarter primarily due to the acquisition of new operations (see "Dates of Acquisition") above. Revenue has increased quarter over quarter as a result of the acquisition of new operations as well as organic growth from either an increase in client service hours or billing rates at existing locations.

The annualized recurring client service hours for current operations are 766,000.

The total net loss to date primarily relates to the ongoing Head Office expenses, acquisition expenses and expenses related to ongoing evaluation of opportunities.

(1) Reconciliation of non-IFRS measure

	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
	$	$	$	$
Adjusted net income (loss)	1,669	2,985	(148,933)	(123,376)
Stock-based compensation	(154,335)	(51,823)	(50,822)	(144,440)
Foreign exchange (loss) gain	(104,919)	49,134	(98,941)	(105,130)
Acquisition expenses	(35,091)	(43,371)	(16,512)	(22,725)
Severance and other	(5,723)	-	-	(3,463)
Net (loss) income	(298,399)	(43,074)	(315,208)	(399,134)
	Dec 31, 2018	**Sep 30, 2018**	**Jun 30, 2018**	**Mar 31, 2018**
	$	$	$	$
Adjusted net income (loss)	(185,649)	(198,853)	(170,081)	(246,490)
Stock-based compensation	(25,502)	(26,248)	(26,567)	(81,580)
Foreign exchange gain (loss)	291,456	(69,608)	83,972	60,740
Acquisition expenses	(34,148)	(83,673)	(41,255)	(171,412)
Severance and other	(18,841)	-	(17,532)	-
Net income (loss)	27,316	(378,382)	(171,463)	(438,742)

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2019

For the years ended December 31, 2019 and 2018, the Corporation reported a net loss of $989,528 and $961,271, respectively. This represents a loss per share of $0.02 for each of the years ended December 31, 2019 and 2018.

	For the years ended December 31,	
	2019	**2018**
	$	**$**
Revenues		
Service revenue	**17,404,715**	10,362,179
Operating expenses		
Cost of service	**11,559,882**	7,041,936
	5,844,833	3,320,243
Corporate and administrative expenses		
Head office and operations	**3,504,215**	2,424,628
General & administrative	**1,433,358**	1,056,727
Amortization and depreciation	**618,670**	442,728
Stock based compensation	**401,420**	159,897
	5,957,663	4,083,980
Loss from operating activities	**(112,830)**	(763,737)
Net finance, foreign exchange gains and acquisition expenses		
Finance expense	**(460,729)**	(312,923)
Foreign exchange (loss) gain	**(259,856)**	366,560
Acquisition related expenses	**(117,699)**	(330,488)
	(838,284)	(276,851)
Loss before income tax	**(951,114)**	(1,040,588)
Deferred income tax (expense) recovery	**(56,808)**	95,765
Current income tax expense	**(47,893)**	(16,448)
Total income tax (expense) recovery	**(104,701)**	79,317
Net loss	**(1,055,815)**	(961,271)

Revenue is recognized at an hourly rate specified in client agreements and recognized as revenue at the time services are rendered. The increase in revenue is attributable to having seven fully operational locations at December 31, 2018 as compared to ten fully operational agencies at December 31, 2019 as a result of acquisitions completed throughout the year.

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 taxes and benefits expenses and workers compensation expense.

Gross margin for the year ended December 31, 2019 was 33.6%, as compared to 32.0% and for the year ended December 31, 2018. Margins vary by location based on staffing models (use of overtime), billing rates, worker's compensation rates and state specific payroll taxes.

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 non-cash expenses related to amortization of customer lists and stock-based compensation. The year over year increase in corporate and administrative expenses were a primarily a result of the acquisitions closed during 2018 and 2019 with no significant change in other head office expenses year over year.

Segmented Information

Management identifies the Group's reportable segments as U.S. operations and Canadian operations. All businesses provide home care services to clients, with Corporate Head Office providing management oversight, capital allocation and M&A functions. 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 year ended December 31, 2019	US	Canada	Total Reportable Segments	Group Head Office	Total
	$	$	$	$	$
Segment revenues	**13,760,173**	**3,636,338**	**17,396,511**	**8,204**	**17,404,715**
Cost of services	9,086,071	2,473,811	11,559,882	-	11,559,882
Gross margin	**4,674,102**	**1,162,527**	**5,836,629**	**8,204**	**5,844,833**
Gross margin %	**34.0%**	**32.0%**	**33.6%**	**-**	**33.6%**
General & administrative	3,023,223	745,899	3,769,122	1,168,451	4,937,573
EBITDA	**1,650,879**	**416,628**	**2,067,507**	**(1,160,247)**	**907,260**
Amortization and depreciation	478,525	87,099	565,624	53,046	618,670
Stock based compensation	36,217	11,639	47,856	353,564	401,420
Segment operating income (loss)	**1,136,137**	**317,890**	**1,454,027**	**(1,566,857)**	**(112,830)**
Segment assets	**9,687,472**	**3,019,059**	**12,706,531**	**1,408,439**	**14,114,970**

Nova Leap had positive operating income and EBITDA for the US and Canada operating segments for the year ended December 31, 2019 as well as positive consolidated EBITDA. The Company continues to improve EBITDA year over year at both the segment and consolidated level by implementing efficiencies, cost controls, organic revenue growth and control of head office expenses.

For the year ended December 31, 2018	US	Canada	Total Reportable Segments	Group Head Office	Total
	$	**$**	**$**	**$**	**$**
Segment revenues	**9,036,315**	**1,325,864**	**10,362,179**	**-**	10,362,179
Cost of services	6,102,137	939,799	7,041,936	-	7,041,936
Gross margin	**2,934,178**	**386,065**	**3,320,243**	**-**	**3,320,243**
Gross margin %	**32.5%**	**29.1%**	**32.0%**	**-**	**32.0%**
General & administrative	2,142,989	223,904	2,366,893	1,114,462	3,481,355
EBITDA	**791,189**	**162,160**	**953,349**	**(1,114,462)**	**(161,112)**
Amortization and depreciation	396,366	46,362	442,728	-	442,728
Stock based compensation	10,619	-	10,619	149,278	159,897
Segment operating income (loss)	**384,204**	**115,799**	**500,003**	**(1,263,740)**	**(763,737)**
Segment assets	**9,536,745**	**2,334,169**	**11,870,914**	**588,167**	**12,459,081**

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.

RESULTS OF OPERATIONS – FOURTH QUARTER 2019

For the three months ended December 31, 2019 and 2018, selected financial information was as follows:

	2019	2018
	$	$
Net service revenue	4,818,729	3,801,082
Cost of service revenue	3,212,779	2,590,879
Gross margin	1,605,950	1,210,203
General, administrative & other	1,701,718	1,330,916
Loss from operating activities	(95,768)	(120,713)

The loss from operating activities includes non-cash amortization and depreciation and stock-based compensation of $277,427 for the three months ended December 31, 2019 (2018 - $75,638). The results for the three months ended December 31, 2019 included operations for eleven acquired entities while the results for 2018 included operations for eight acquired entities due to the timing of acquisitions.

Segment information for the reporting period is as follows:

			For the three months ended December 31, 2019		
	US	**Canada**	**Total Reportable Segments**	**Group Head Office**	**Total**
	$	**$**	**$**	**$**	**$**
Segment revenues (all from external customers)	3,701,697	1,114,396	4,816,093	2,636	4,818,729
Cost of services	2,519,495	757,431	3,276,926	-	3,276,926
Gross margin	1,182,202	356,965	1,539,167	2,636	1,541,803
Gross margin %	31.9%	32.0%	32.0%	-	32.0%
General & administrative	790,202	218,073	1,008,275	351,868	1,360,143
EBITDA	392,000	138,892	530,892	(349,232)	181,660
Amortization & depreciation	87,941	21,802	109,743	13,349	123,092
Stock-based compensation	17,044	5,978	23,022	131,313	154,335
Segment operating income (loss)	287,015	111,112	398,127	(493,894)	(95,767)

			For the three months ended December 31, 2018		
	US	**Canada**	**Total Reportable Segments**	**Group Head Office**	**Total**
	$	**$**		**$**	**$**
Segment revenues (all from external customers)	3,235,370	565,712	3,801,082	-	3,801,082
Cost of services	2,198,680	392,199	2,590,879	-	2,590,879
Gross margin	1,036,690	173,513	1,210,203	-	1,210,203
Gross margin %	32.0%	30.7%	31.9%	-	31.8%
General & administrative	734,403	98,278	832,681	422,597	1,255,278
EBITDA	302,287	75,235	377,522	(422,597)	(45,075)
Amortization & depreciation	43,530	6,595	50,125	-	50,125
Stock-based compensation	1,693	-	1,693	23,820	25,513
Segment operating income (loss)	257,064	68,640	325,704	(446,417)	(120,713)

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

The Corporation's cash from operating activities was $613,802 for the year ended December 31, 2019 as compared to cash used in operations of ($1,550,208) for the year ended December 31, 2018. The Corporation's ability to generate positive operating cash flows reflects streamlining operations as well as the ability for segment operations to cover head office costs for the year ended December 31, 2019. The operating activities for the periods ended December 31, 2019 and 2018 were primarily related to ongoing management of home care operations, the continued efforts for identification, evaluation and completion of the additional acquisitions, management expenses for back office support of operations and the corporate and administrative costs (such as professional fees, consulting fees and salary, regulatory and transfer agent fees,) associated with operating a public company.

Financing Activities

The Corporation's cash provided by financing activities for the year ended December 31, 2019 was $731,354 as compared to $9,052,493 for the year ended December 31, 2018. Financing activities for the year ended December 31, 2019 included the proceeds from the issuance of convertible debt of $1,767,913, proceeds from the exercise warrants of $551,833 (2018 - $nil), proceeds from the exercise of stock options of $18,231 (2018 - $27,532), offset by principal repayments on the demand loans and transaction costs of $729,384 (2018 – $453,958), principal and interest payments on the promissory notes of $527,828 (2018 - $nil), principal and interest payments on the lease liabilities $119,747 (2018 - $nil) and interest payments on the demand loans of $229,664 (2018 - $178,645).

Financing activities for the year ended December 31, 2018 also included the issuance of Units through private placements, for aggregate proceeds net of issue costs of $6,185,040 and proceeds from a demand loan net of transaction costs of $3,472,525.

Investing Activities

The Corporation's cash used in investing activities for the year ended December 31, 2019 was $993,450, as compared to $6,355,600 for the year ended December 31, 2018, respectively. The cash used in investing activities for the year ended December 31, 2019 was for acquisitions of the assets of Careforce, Around the Clock and Keystone, including $114,624 related to a building and right-of-use asset included in the acquisition and used in the operations at Careforce as well as $15,483 related to the purchase of an automobile for home care operations. The cash used in investing activities for the year ended December 31, 2018 was for the acquisition of Family Tree, Home Health, Always Home, Comprehensive Home Care and Living at Home and $19,422 related to the purchase of an automobiles for home care operations.

Liquidity

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 a combination thereof, which is not assured.

During the year-ended December 31, 2019, the Corporation generated positive cash flows from operations as a result of the cash flow from the US and Canada operating segments being in excess of head office expenses. For 2020, the Corporation expects there to be a shortfall of operating cash flows to cover financing cash flows but the Corporation currently has sufficient cash to meet all of its obligations as they come due and has the ability to obtain additional capital financing as needed. As at December 31, 2019, the Corporation had negative working capital of approximately $1.3 million including $3 million of Schedule 1 Canadian bank demand loans that are classified as current liabilities due to their demand feature of which $0.95 million is due in the next twelve months. The Corporation currently has enough cash as well as access to an unused operating line of credit to meet its contractual obligations as they come due including scheduled loan payments but would require financing for future significant acquisitions.

Capital Resources

The Corporation had 5,935,000 stock options exercisable and 4,852,980 warrants outstanding at December 31, 2019, 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. Throughout the year ended December 31, 2019, 2,078,215 warrants were exercised for proceeds of $549,520 (CAD$726,828), and 245,000 stock options were exercised for $18,226 (CAD$24,500). Subsequent to December 31, 2019 2,544,712 warrants were exercised for proceeds of $684,920 (CAD$904,972).

SELECTED ANNUAL INFORMATION

	2019	2018
	$	**$**
Service revenue	17,404,715	10,362,179
EBITDA	907,260	(161,112)
Less: Amortization and depreciation	*618,670*	*442,728*
Less: Stock-based compensation	*401,420*	*159,897*
Less: Impairment	-	-
Loss from operating activities	(112,830)	(763,737)
Net loss	(1,055,815)	(961,271)
Net loss per share – basic and diluted	(0.02)	(0.02)
Total assets	14,114,970	12,459,081
Total current liabilities	4,734,679	5,068,069
Long-term financial liabilities	2,305,989	563,483

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.

Key management personnel

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

	Year ended December 31, 2019	2018
	$	**$**
Consulting fees	388,461	428,383
Directors fees	58,034	59,406
Stock based compensation	324,817	140,023
	771,315	627,812

As at December 31, 2019, there was $64,971 included in accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2018 – $133,093) for consulting fees and expense reimbursements, and $54,545 for amounts due to directors for director fees (December 31, 2018 – $13,195).

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 64,507,893 common shares of the Corporation issued and outstanding. There were also 726,518 warrants outstanding and 5,935,000 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, 2019. These changes were made in accordance with the applicable transition provisions.

IFRS 16, Leases

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 "Determining whether an arrangement contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening deficit balance for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as a lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, January 1, 2019. At this date, the Group has elected to measure the right-of-use assets at an amount determined as if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rate at the date of initial application.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, and for leases of low-value assets, the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6.3%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019.

	$	$
Total operating lease commitments disclosed at December 31, 2018		**258,929**
Recognition exemptions:		
• Leases of low value assets	(2,100)	
• Leases with remaining lease term less than 12 months	(59,886)	
		(61,986)
Operating lease liabilities before discounting		196,943
Discounted using incremental borrowing rate		(15,580)
Operating lease liabilities		181,363
Reasonably certain extension options		68,652
Total lease liabilities recognized under IFRS 16 at January 1, 2019		**250,015**

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

If the Corporation is to make further significant acquisitions, 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 existing 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 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

There are licensing requirements in the States of New Hampshire, Rhode Island and Oklahoma to provide home care or home health care services. Such a license is subject to an annual 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 operating 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.

Pandemic, epidemic or other widespread outbreak of an infectious disease such as COVID-19 virus

If a pandemic, epidemic, or other widespread outbreak of an infectious disease or other public health crisis were to occur in areas in which we operate, our operations could be materially and adversely affected by causing staffing and supply shortages. The exact nature of a crisis stemming from a pandemic, epidemic or other widespread outbreak and how it would affect us is difficult to predict and could adversely affect our operations.

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 charge. 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

Delays in client payments

The Corporation's 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 and debt financing.

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		
	December 31, 2019	**December 31, 2018**
	$	$
Cash and cash equivalents	1,635,211	1,283,505
Accounts receivable	1,680,194	1,486,318
	3,315,405	2,769,823

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 payable within seven 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 December 31, 2019, the Group had $92,925 collected for client deposits, representing approximately 6% of outstanding accounts receivable, billed and accrued (December 31, 2018 - $85,434).

Accounts receivable consist of many clients in various geographical areas.

Accounts receivable

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all accounts receivable as these items do not have a significant financing component.

In measuring the expected credit losses, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 12 months before December 31, 2019 for entities owned for the full year and for entities acquired during the year it was based on sales over the 12 months for the full fiscal year prior to acquisition as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The group has identified gross domestic product (GDP) of the countries in which the clients are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Accounts receivable are written-off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

Lifetime expected credit loss is less than 0.1%.

December 31, 2019	**Accounts receivable aging**				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0.1%	0.1%	0.1%	0.1%	0.1%
Gross carrying amount	$1,040,293	$253,955	$30,323	$128,804	$1,453,376
Lifetime expected credit loss	$1,040	$254	$30	$129	$1,453

December 31, 2018	**Accounts receivable aging**				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0.1%	0.1%	0.1%	0.1%	0.1%
Gross carrying amount	$1,023,606	$183,264	$83,089	63,287	$1,353,246
Lifetime expected credit loss	$1,024	$183	$83	$63	$1,353

Liquidity risk
Liquidity risk is 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 cash balances are expected to be sufficient for the next twelve months. The Group has a working capital shortfall at December 31, 2019 and 2018 primarily due to the presentation of demand loans as current.

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.

The Group has a working capital shortfall at December 31, 2019 and 2018 primarily due to the presentation of demand loans as current. The Group has sufficient cash to meet its obligations as they become due.

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

	< 1 year	**1-2 years**	**3-5 years**	**> 5 years**
	$	$	$	$
For the period ended December 31, 2019				
Account payable and accrued liabilities	941,756	-	-	-
Client deposits	92,925	-	-	-
Demand loan, principal and interest	955,092	944,880	1,634,807	40,592
Promissory note, principal and interest	603,048	200,858	160,918	-
Lease liability, principal and interest	127,981	63,088	6,833	-
Convertible debenture	144,010	144,010	2,232,153	-
Contingent consideration	80,844	80,844	80,844	-
Total	2,945,656	1,433,680	4,115,555	40,592

	< 1 year	1-2 years	3-5 years	> 5 years
	$	$	$	$
For the year ended December 31, 2018				
Account payable and accrued liabilities	923,688	-	-	-
Client deposits	85,434	-	-	-
Demand loan, principal and interest	954,585	940,041	2,313,118	289,786
Promissory note, principal and interest	525,110	510,162	116,934	-
Total	2,488,817	1,450,203	2,430,052	289,786

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 operation in Canada that transact in Canadian dollars. The Group's exposure to CAD dollar currency risk was as follows:

	December 31, 2019 (CAD)	December 31, 2018 (CAD)
	$	$
Cash and cash equivalents	1,589,610	526,979
Accounts receivable	478,679	423,960
Accounts payable & accrued liabilities	(462,355)	(524,042)
Demand loan	(1,452,429)	(1,787,004)
Promissory note	(549,108)	(342,096)
Lease liabilities	(179,616)	-
Convertible debt	(2,139,871)	-
	(2,715,090)	(1,702,203)

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 $100,000 (December 31, 2018 - $60,000).

Interest rate sensitivity

As at December 31, 2019, 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 $69,000 over the remaining term of the loans (December 31, 2018 - $120,000).

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 demand loans and promissory notes are disclosed in note 9 and 11 of the consolidated financial statements for the period ended December 31, 2019.

Dividends

The Corporation has no history of net income or record of paying dividends. 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 ICR 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

Dated March 12, 2020