Nova Leap Health Corp.

Management Discussion & Analysis
For the three months ended March 31, 2021

NOVA LEAP HEALTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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 May 6, 2021 and provides an analysis of the Corporation's operations for the three months ended March 31, 2021 and 2020. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2021 and 2020 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".

CORPORATION OVERVIEW

Nova Leap is an acquisitive home health care services company operating in one of the fastest-growing industries in the U.S. and Canada. The Corporation performs a vital role within the continuum of care with an individual and family centered focus, particularly those requiring dementia care. The Corporation is geographically diversified with operations in 7 different U.S. states within the New England, Midwest and South-Central regions as well as in Nova Scotia, Canada.

Home care saves patients and taxpayers billions of dollars every year by treating clients 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 earnings before interest, taxes, depreciation and amortization ("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. The Corporation intends to continue its growth strategy through acquisitions, while pursuing 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 U.S. and Canadian subsidiaries. The registered head office of the Corporation is located at 5003-7071 Bayers Road, Halifax, NS Canada.

SELECTED FINANCIAL INFORMATION

	Three months ended March 31	
	2021	**2020**
	$	**$**
Service revenues	**5,020,139**	4,611,140
EBITDA(1)	**(38,692)**	220,051
Less: Amortization and depreciation	**215,017**	132,028
Less: Stock-based compensation	**53,822**	63,988
(Loss) income from operating activities	**(307,531)**	24,035
Net income	**882,189**	343,338
Net income per share – basic and diluted	**$0.01**	$0.01
Total assets	**18,401,090**	14,595,282
Total current liabilities	**4,073,564**	4,192,243
Long-term financial liabilities	**1,693,772**	2,515,970

(1) Please see non-IFRS financial measures

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", "will", "should", "could", "expects", "anticipates", "believes", "estimates", "intends", "plans", "projects", "predicts", "targets", "potential", "continue", "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, estimates around the confirmation of the forgiveness of the remaining Paycheck Protection Program loans, Nova Leap's qualification for the employee retention credit in Q2 2021 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 assumptions on which these forward-looking statements are based include assumptions concerning general economic and market conditions, availability of working capital necessary for conducting Nova Leap's operations, and Nova Leap's ability to integrate its acquired businesses and maintain previously achieved service hour and revenue levels. 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. While it is impossible to identify all such factors, factors that could cause, and in the case of the COVID-19 pandemic has already caused, actual results to differ, such as decreases in revenues or increases in costs, materially from those estimated by us include, but are not limited to, the following:

- Each of the factors discussed in the "Risks and Uncertainties" section of this MD&A below and Nova Leap's continuous disclosure materials filed from time to time on SEDAR;
- a pandemic, epidemic, or other widespread outbreak of an infectious disease or other public health crisis, such as the COVID-19 pandemic, which could decrease the Corporation's client service hours and revenues, lead to staffing and supply shortages and associated cost increases, or otherwise interrupt operations;
- actions by government agencies at the various levels, including federal, state, local and provincial, in response to the COVID-19 pandemic, such as shelter-in-place orders, facility closures and quarantines, which could impair the Corporation's ability to operate and provide care;
- the Corporation's ability to maintain infectious disease prevention and control efforts that are required and effectively minimize the spread of COVID-19 among clients and employees;
- the Corporation's ability to successfully complete and integrate acquisitions consistent with its growth strategy, including realization of anticipated revenues, cost savings, productivity improvements and avoidance of unanticipated difficulties, costs or liabilities that could arise from acquisitions or integrations; and
- general conditions in the economy and capital markets.

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 net income (loss) (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 revenues less cost of service.
- EBITDA is calculated as income (loss) from operating activities plus amortization and depreciation and stock-based compensation.

- Adjusted net income (loss) is net income (loss) adjusted for stock-based compensation expense, acquisition expenses, foreign exchange gains/losses, impairment losses net of the related deferred income tax recovery, restructure charges, severance and other costs as well as non-recurring government grants net of income taxes.

HIGHLIGHTS FOR Q1 2021

- On March 3, 2021, the Corporation exercised its option to convert 8.0% unsecured subordinated convertible debentures, with a principal amount of CAD$2,151,000 and a maturity date of December 30, 2024, into common shares of the Corporation at a conversion price of CAD$0.52. In January 2021, CAD$187,000 of the Debentures due December 30, 2024 were voluntarily converted at a conversion price of CAD$0.52. As a result, convertible debentures decreased by $1,723,293 in Q1 2021 with a corresponding increase in share capital.

- Impact of COVID-19:

  On March 11, 2020, the World Health Organization ("WHO") officially declared the Coronavirus disease 2019 ("COVID-19") a pandemic. This has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. These measures have caused and continue to cause material disruption to businesses globally, including the United States and Canada, resulting in economic slowdown.

  Home care is deemed an essential service in all jurisdictions in which Nova Leap operates and all home care agencies owned by Nova Leap continue to operate. With ongoing high levels of infection rates in the US and new variants, client service hours have not yet recovered to pre-COVID-19 levels in the US segment. However, the US segment has seen an increase in client demand at the majority of Nova Leap's agencies, a trend that continued through to the end of Q1 2021. While there has been an increase in demand, there remains an ongoing challenge to match the market demand for service with the appropriate level of staffing. Management expects the client service demand to continue long-term based on demographics but also anticipates ongoing challenges with staffing into the next couple of quarters. Management remains confident in the longer-term prospects of the Corporation and believes Nova Leap is well positioned for the future. With the approval of COVID-19 vaccines is the U.S. and Canada and a roll-out plan in both jurisdictions, management expects to see a strengthening in its operations.

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

  As the COVID-19 pandemic has evolved, many of the federal and state/provincial governments in jurisdictions in which Nova Leap operates have introduced economic measures to protect companies, employees and the economy. A listing of the programs impacting Q1 2021 results are outlined below.

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

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

  Nova Leap's US operating segment qualified for the ERC in the first quarter of 2021 and has recognized $1,555,431 in Other Income on the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss). Nova Leap's US segment will also automatically qualify for the ERC in Q2 2021, based on its qualification in Q1 2021, at an estimated amount similar to Q1 2021 of approximately $1.6 million, for a total benefit of $3.1 million for 2021. Timing of collection of the ERC is unknown.

  b) Canada Emergency Wage Subsidy ("CEWS")
  The CEWS covers a portion of employees' wages for employers who have suffered a drop in gross revenues beginning in March 2020. The Corporation's Canadian operating segment received $73,048CAD ($57,665

USD) from the CEWS program during Q1 2021. The CEWS is classified as Other income on the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss).

c) Paycheck Protection Program loans ("PPP")

On August 10, 2020, the Corporation received $1,975,600 of loans from a U.S. bank under the Paycheck Protection Program ("PPP"). In Q4 2020, Nova Leap recognized $1,912,154 of the PPP loans as Other income in the Statement of Income and Comprehensive Income as management estimated that the criteria for forgiveness had been met. In Q1 2021, the criteria for forgiveness was met for the remaining PPP loans outstanding at December 31, 2020 of $63,446 and this amount has been recognized as Other income in the Condensed Interim Consolidated Statement of Income and Comprehensive Income (Loss). As of the date of this MD&A, confirmation of the forgiveness of PPP loans of $571,700 remains outstanding.

Operational results

- First quarter revenues of 2021 were the highest in the Corporation's history.
- Q1 2021 revenues of $5,020,139 were 8.9% higher than Q1 2020 revenues of $4,611,140 and 12.0% higher than Q4 2020 revenues of $4,483,539. The increased revenues in Q1 2021 as compared to Q1 2020 is primarily the result of acquisitions made late in 2020 partially offset by the decrease in revenues for agencies owned for both periods as a result of the impact of COVID-19.
- The Canadian operating segment generated record revenues, record gross margin, record EBITDA and record EBITDA as a percentage of revenue (14.4%) during Q1 2021;
- The Company had a cash balance of $2,351,134 as of March 31, 2021 as well as full access to the unutilized revolving credit facility of $696,000;
- Q1 2021 EBITDA of $(38,692) which excludes government assistance programs, was lower than Q1 2020 EBITDA of $220,051 and Q4 2020 EBITDA of $(36,515) (see reconciliation of EBITDA to the income (loss) from operating activities in "Selected Financial Information" above). The lower EBITDA is a result of the ongoing impact of COVID-19, an increase in fixed operational costs related to agency office personnel and general & administrative expenses due to the acquisitions made late in 2020 and higher professional fees and head office personnel costs as the Corporation scales for growth.
- The Corporation reported adjusted net loss of $196,132 for Q1 2021 as compared to an adjusted net loss of $71,019 for Q1 2020 and an adjusted net income of $719,088 for Q4 2020 (see reconciliation of adjusted net income to net income below in "Summary of Quarterly Results").

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 government programs such as Medicare or the Department of Veteran Affairs. The Corporation has completed fourteen acquisitions as of the date of this MD&A and has opened one organic location. Achieving the Corporation's plans remains dependent on management's ability to operate cash flow positive subsidiaries, 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:

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

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;
- Activities of daily living;
- Transportation services;
- Medication reminders; and
- Medication administration by nursing staff.

Services are generally paid directly by clients, the Department of Veteran Affairs or through long-term care insurance programs. 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 March 31, 2021 and 2020 for the parent company, Nova Leap Health Corp., and home care agencies owned on January 1, 2020 in both the US and Canada, but only the results from operations of the subsidiaries acquired during the reporting periods as follows:

- Arkansas, for the period from September 21, 2020 onward,
- Massachusetts, for the period from November 1, 2020 onward, and
- Ohio, for the period from December 27, 2020 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.

	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	June 30, 2020
	$	$	$	$
Revenues	5,020,139	4,483,539	4,231,326	3,983,402
Adjusted net income (loss) *(1)*	(196,132)	719,088	(82,913)	(72,146)
Net income (loss)	882,189	1,236,350	467,773	(791,163)
Net income (loss) per share				
- **Basic and diluted**	0.01	0.01	0.01	(0.01)
Operating cash flows	(93,182)	(144,705)	2,370,159	596,936
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**
	$	$	$	$
Revenues	4,611,140	4,818,729	4,424,350	4,249,781
Adjusted net (loss) income *(1)*	(71,019)	1,669	2,986	(148,932)
Net income (loss)	343,338	(298,399)	(43,074)	(315,208)
Net income (loss) per share				
- **Basic and diluted**	0.01	0.00	0.00	(0.01)
Operating cash flows	189,913	18,340	201,311	179,972

(1) See reconciliation of non-IFRS measure below.

Beginning in late Q1 2020, the Corporation began to see a decline in client service hours and revenues due to the impact of COVID-19. The Corporation's client service hours and revenues began to rebound in Q3 2020 due to the reopening of economies and easement of stay at home orders. Revenues further increased for the three months ended December 31, 2020 and March 31, 2021 due to acquisitions in late Q3 and Q4 2020. Operating cash flows for Q3 2020 were positively impacted by the receipt of PPP loans of $1,975,600.

Reconciliation of non-IFRS measure

	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	June 30, 2020
	$	$	$	$
Adjusted net (loss) income	(196,132)	719,088	(82,913)	(72,146)
Stock-based compensation	(53,822)	(126,393)	(61,438)	(62,042)
Foreign exchange (loss) gain	(105,876)	(359,434)	(129,186)	(230,060)
Acquisition expenses	(15,210)	(123,441)	(55,083)	(22,227)
Severance and other	-	-	(2,928)	(9,446)
Impairment loss (net of deferred tax recovery)	-	-	-	(590,560)
Other income (net of income taxes)	1,253,229	1,126,530	799,321	195,318
Net income (loss)	882,189	1,236,350	467,773	(791,163)

	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
	$	$	$	$
Adjusted net (loss) income	(71,019)	1,669	2,986	(148,932)
Stock-based compensation	(63,988)	(154,335)	(51,823)	(50,822)
Foreign exchange gain (loss)	480,880	(104,919)	49,134	(98,942)
Acquisition expenses	(2,535)	(35,091)	(43,371)	(16,512)
Severance and other	-	(5,723)	-	-
Net income (loss)	343,338	(298,399)	(43,074)	(315,208)

RESULTS OF OPERATIONS –QUARTER ENDED MARCH 31, 2021

For the quarter ended March 31, 2021, the Corporation reported a net income of $882,189 and a net income per share of $0.01. For the quarter ended March 31, 2020, the Corporation reported a net income of $343,338 and a net income per share of $0.01.

	For the three months ended March	
	2021	**2020**
	$	**$**
Revenues		
Service revenues	**5,020,139**	4,611,140
Operating expenses		
Cost of service	**3,280,788**	3,070,682
	1,739,351	1,540,458
Corporate and administrative expenses		
Head office and operations management	**1,288,203**	910,403
General & administrative	**489,840**	410,004
Amortization and depreciation	**215,017**	132,028
Stock based compensation	**53,822**	63,988
	2,046,882	1,516,423
(Loss) income from operating activities	**(307,531)**	24,035
Other income (expenses)		
Other income	**1,676,058**	-
Finance expense	**(73,370)**	(118,172)
Foreign exchange (loss) gain	**(105,876)**	480,880
Acquisition related expenses	**(15,210)**	(2,535)
	1,481,602	360,173
Income before income taxes	**1,174,071**	384,208
Deferred income tax expense	**(306,492)**	(27,600)
Current income tax recovery (expense)	**14,610**	(13,270)
	(291,882)	(40,870)
Net income	**882,189**	343,338

Revenues are billed (or invoiced) at an hourly rate specified in client agreements and recognized at the time services are rendered. The increase in revenues reported for the quarter ended March 31, 2021 compared to the same period in 2020 is attributable to the impact of acquisitions completed in the fourth Quarter of 2020 partially offset by a decrease in revenues for agencies owned for both periods as a result of the impact of COVID-19.

Cost of services is comprised of hourly employee compensation, related payroll taxes, benefits and workers compensation insurance.

Gross margin for the three months ended March 31, 2021 was 34.6%, as compared to 33.4% for the three months ended March 31, 2020. Gross margin varies 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 agency 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 quarter-over-quarter increase in corporate and administrative expenses was primarily a result of the acquisitions in 2020, one-time professional fees and head office personnel costs as the Corporation scales for growth.

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 financial reporting, strategic guidance, 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 three months ended March 31, 2021				
	US	**Canada**	**Total Reportable Segments**	**Group Head Office**	**Total**
	$	$	$	$	$
Segment revenues	**3,930,535**	**1,086,969**	**5,017,504**	**2,635**	**5,020,139**
Cost of service	2,543,901	736,887	3,280,788	-	3,280,788
Gross margin	**1,386,634**	**350,082**	**1,736,716**	**2,635**	**1,739,351**
Gross margin %	**35.3%**	**32.2%**	**34.6%**	**-**	**34.6%**
General & administrative	1,159,202	193,358	1,352,560	425,483	1,778,043
EBITDA	**227,432**	**156,724**	**384,156**	**(422,848)**	**(38,692)**
Amortization and depreciation	183,926	17,179	201,105	13,912	215,017
Stock based compensation	2,772	1,198	3,970	49,852	53,822
Segment operating income (loss)	**40,734**	**138,347**	**179,081**	**(486,612)**	**(307,531)**
Segment assets	**14,492,059**	**3,145,645**	**17,637,704**	**763,386**	**18,401,090**

Nova Leap had positive operating income and EBITDA for the US and Canada operating segments for the three months ended March 31, 2021. While the acquisitions acquired late in 2020 in the US segment contributed a positive EBITDA in Q1 2021 as compared to Q1 2020 it was not sufficient to offset the decline in revenues in the remaining operations as a result of the impact of COVID-19. Head office EBITDA has decreased due to the increase in personnel required for new acquisitions as well as one-time professional fees in the first quarter of 2021.

For the three months ended March 31, 2020					
	US	**Canada**	**Total Reportable Segments**	**Group Head Office**	**Total**
	$	$	$	$	$
Segment revenues	**3,619,760**	**988,274**	**4,608,034**	**3,106**	**4,611,140**
Cost of services	2,373,420	697,262	3,070,682	-	3,070,682
Gross margin	**1,246,340**	**291,012**	**1,537,352**	**3,106**	**1,540,458**
Gross margin %	**34.5%**	**29.5%**	**33.4%**	**-**	**33.4%**
General & administrative	847,896	186,518	1,034,414	285,993	1,320,407
EBITDA	**398,444**	**104,494**	**502,938**	**(282,887)**	**220,051**
Amortization and depreciation	97,483	21,426	118,909	13,119	132,028
Stock based compensation	6,953	2,382	9,335	54,653	63,988
Segment operating income (loss)	**294,008**	**80,686**	**374,694**	**(350,659)**	**24,035**
Segment assets	**9,593,903**	**2,897,146**	**12,491,049**	**2,104,233**	**14,595,282**

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

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

	Three months ended March 31	
	2021	**2020**
	$	**$**
Cash (used in) provided by operating activities	**(93,182)**	189,913
Cash (used in) provided by financing activities	**(356,094)**	910,443
Effect of exchange rate change on cash and cash equivalents	**21,565**	(178,694)
(Decrease) increase in cash and cash equivalents	**(427,711)**	921,662

Operating Activities

The Corporation's cash used in operating activities was $93,182 for the period ended March 31, 2021 as compared to cash provided by operating activities of $189,913 for the period ended March 31, 2020. Nova Leap had the highest revenues for the three months ended March 31, 2021 in the Corporation's history which resulted in increased accounts receivable impacting the operating cash flows negatively for the first quarter of 2021. The operating activities for the periods ended March 31, 2021 and 2020 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 used in financing activities for the period ended March 31, 2021 was $356,094 as compared to cash provided by financing activities of $910,443 for the period ended March 31, 2020. Financing activities for the period ended March 31, 2021 and 2020 included regular payments of principal and interest on demand loans, promissory notes and leases as well as interest payments on convertible debentures. Financing activities for the period ended March 31, 2020 also included proceeds from the issuance of convertible debt of $527,192 and proceeds from the exercise warrants of $909,608, there has been no proceeds from convertible debt or warrants in Q1 2021.

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.

As at March 31, 2021, the Corporation had positive working capital of $1,608,968. The working capital has been reduced by the full amount of Schedule 1 Canadian bank demand loans of $2,110,394, not the amount due in the next twelve months of $929,824, as the demand loans are classified as current liabilities due to their demand feature. The Corporation currently has enough cash and cash equivalents as well as access to an unused $696,000 revolving credit facility to meet its contractual obligations as they come due including scheduled loan payments but would require financing for significant future acquisitions. Management believes it has the ability to obtain additional capital financing as needed.

Capital Resources

At March 31, 2021, the Corporation had 6,335,000 stock options outstanding at a weighted average exercise price of CAD$0.38 of which 4,695,000 are vested and exercisable at March 31, 2021 at a weighted average exercise price of CAD$0.32. The exercise of all vested and exercisable stock options could potentially bring in additional financing of CAD$1.5 million. There is no certainty that the Corporation will receive these stock option proceeds over time as not all stock options may be exercised. During the three months ended March 31, 2021, 43,750 stock options were exercised for proceeds of $15,795 (CAD$19,687).

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. Related parties include members of the Board of Directors, as well as the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary. Head office and operations management expenses includes the following related party remuneration expenses:

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

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

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

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 MD&A, there were 70,152,103 common shares of the Corporation issued and outstanding and 6,335,000 stock options outstanding.

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 were to 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 makes significant acquisitions in the future, additional financing 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 Canadian Business Corporations Act ("CBCA") in dealing with conflicts of interest. These provisions state, where a director or officer has such a conflict, that the director or 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 acquired businesses within its current business structure in an efficient and cost-effective manner. Acquisitions involve significant risks and uncertainties, including difficulties integrating personnel and business practices, 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. The Corporation competes based on the availability of caregivers, the quality of services, expertise of operating staff, and the price of services. Increased competition in the future may limit the Corporation's 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 the Group is unable to maintain relationships with existing patient referral sources, its business and consolidated financial condition, results of operations and cash flows could be materially adversely affected. The Group's success depends on referrals from various sources in the communities served and its ability to maintain good relationships with existing referral sources. The Group's referral sources are not contractually obligated to refer clients 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 the Group operates. As a result, the Group may face higher costs of recruiting and retaining caregivers, compensating caregivers or loss of clients and revenues which would all adversely impact the Corporation.

Information systems

The Corporation's business depends on information systems. The Corporation's ability to effectively integrate, manage and keep our information systems secure and operational could disrupt 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 its business needs. As a result of operating in the home health care industry, Nova Leap's 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. Nova Leap maintains professional liability insurance which provides coverage to the Group against these risks. However, there is no assurance claims will not be made in the future in excess of the limits of the Group's insurance coverage.

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 the Group operates, 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 the Group is difficult to predict and could adversely affect operations.

Natural disasters

The occurrence of natural disasters, such as hurricanes, blizzards and other snow and ice events, in the markets in which the Group operates could impact its ability to serve clients which could result in lower revenues 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 Nova Leap's 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 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 the Corporation's assets.

Risks Related to Liquidity

Delays in client payments

The Corporation's business is characterized by delays from the time services are provided to the time payment for those services is received. If the Corporation experiences information system problems or experiences other issues in completing adequate paperwork for the Department of Veteran's Affairs or long-term insurance reimbursement, the Group may encounter additional delays in its 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	March 31, 2021	December 31, 2020
	$	$
Cash and cash equivalents	**2,351,134**	2,778,845
Accounts receivable	**1,642,962**	1,407,625
	3,994,096	4,186,470

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

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

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

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

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

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

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

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

	< 1 year	1-2 years	3-5 years
As at March 31, 2021	$	$	$
Account payable and accrued liabilities	1,078,233	-	-
Client deposits	138,264	-	-
Demand loans, principal and interest	929,824	850,309	575,451
Promissory notes, principal and interest	464,825	340,005	147,977
Lease liability, principal and interest	160,219	98,008	147,333
Convertible debentures	48,095	48,095	697,384
Contingent consideration	37,154	147,031	53,882
Government loans (CEBA)	-	63,618	-
Deferred payroll liability	182,400	182,400	-
Total	3,093,014	1,729,466	1,622,027

As at December 31, 2020	< 1 year $	1-2 years $	3-5 years $
Account payable and accrued liabilities	946,143	-	-
Client deposits	143,112	-	-
Demand loans, principal and interest	927,363	882,939	766,449
Promissory notes, principal and interest	489,337	338,988	147,725
Lease liability, principal and interest	168,387	97,371	171,792
Convertible debentures	198,963	194,408	2,842,664
Contingent consideration	19,323	79,894	179,239
Government loans (CEBA)	-	62,834	-
Government loans (PPP), principal and interest	12,816	12,816	38,448
Deferred payroll liability	182,417	182,417	-
Total	3,087,862	1,851,667	4,146,317

Market risk

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

Foreign currency sensitivity

The Group's operations are carried out in USD. Exposure to currency exchange rates arise from the fact that the Group's equity offerings have been denominated in Canadian dollars and will be denominated in Canadian dollars for the foreseeable future as the Corporation's shares are listed on a Canadian stock exchange and the Group has two operations in Canada that transact in Canadian dollars.

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

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

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

Interest rate sensitivity

As at March 31, 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Sensitivity if interest rates increased or decreased by 1% would affect net income and comprehensive income and deficit by approximately $33,000 over the remaining term of the loans (March 31, 2020 - $67,000).

Fair value

All financial assets and liabilities except for the demand loans, promissory notes, contingent consideration and convertible debentures are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the promissory notes is disclosed in note 4 to the Condensed Interim Consolidation Financial Statements for the three months ended March 31, 2021.

Dividends

The Corporation has no history 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 Condensed Interim 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 May 6, 2021