



**Nova Leap Health Corp.**

**Consolidated Financial Statements  
For the years ended December 31, 2023 and 2022**

**(United States dollars)**

# Independent auditor's report

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**Grant Thornton LLP**  
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To the Shareholders of  
**Nova Leap Health Corp.**

## Opinion

We have audited the consolidated financial statements of Nova Leap Health Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Assessment of the recoverable amount of cash generating units ("CGUs") to which goodwill has been allocated**

Refer to Note 5 of the consolidated financial statements.

As at December 31, 2023, the carrying amount of the Group's goodwill was \$14,622,219 and an impairment loss of \$1,470,895 was recognized in the consolidated statement of loss and comprehensive loss during the year.

Goodwill, and indefinite life intangible assets, are tested for impairment at least annually, or more frequently if indicators of impairment are identified. An impairment loss is recognized if the carrying amount of a cash generating unit (CGU) to which the goodwill relates exceeds its recoverable amount. Value in use calculations require management to make significant assumptions including projected future revenues, income, and discount rate.

The significance of management's judgements and high estimation uncertainty in determining the value in use of each CGU has resulted in a high degree of auditor judgement and audit effort. We have identified the assessment of the recoverable amount of CGU's to which goodwill has been allocated as a key audit matter.

Our audit procedures included, amongst other procedures:

- Evaluating how management determined the recoverable amount of the CGUs (or group of CGUs), which included the following:
  - Testing the reasonableness of management's cash flow projections by comparing them to actual results realized within the group, normalizing for impact of management's plans and to budget;
  - Involving valuation professionals with specialized skills and knowledge to assist in testing the reasonableness of the discount rates used by management, including assessing the reasonableness of the required inputs used in the rate and market data;
  - Completing a sensitivity analysis over the model inputs including cashflow projections and discount rates to test the reasonableness of management's assessment and assumptions used in the model; and
  - Testing the underlying data used in the discounted cash flow models.
- Assessing the related disclosures in the consolidated financial statements for appropriateness in accordance with IFRS Accounting Standards.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Grant Cuyllé.

*Grant Thornton LLP*

Halifax, Canada  
March 7, 2024

Chartered Professional Accountants

# Nova Leap Health Corp.

## Consolidated Statements of Financial Position

*(United States dollars)*

As at	December 31, 2023 \$	December 31, 2022 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	894,765	1,272,646
Accounts receivable	1,652,116	1,753,285
Government tax credit receivable (note 10a)	-	659,495
Prepaid expenses	294,248	292,637
<b>Total current assets</b>	<b>2,841,129</b>	<b>3,978,063</b>
<b>Non-current assets</b>		
Property and equipment (note 3)	1,188,383	1,493,613
Intangible assets (note 4)	542,711	1,090,510
Goodwill (note 5)	14,622,219	16,040,114
Deferred income tax asset (note 6b)	1,701,285	1,346,263
<b>Total non-current assets</b>	<b>18,054,598</b>	<b>19,970,500</b>
<b>TOTAL ASSETS</b>	<b>20,895,727</b>	<b>23,948,563</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,240,953	1,242,241
Client deposits payable	59,584	57,538
Demand loans (note 7)	-	1,378,244
Promissory notes (note 8)	117,509	890,526
Lease liability (note 9)	276,124	331,288
Government loans and deferred payroll liability (note 10b)	90,730	88,600
<b>Total current liabilities</b>	<b>1,784,900</b>	<b>3,988,437</b>
<b>Non-current liabilities</b>		
Promissory notes (note 8)	-	117,509
Lease liability (note 9)	914,056	1,160,696
<b>Total non-current liabilities</b>	<b>914,056</b>	<b>1,278,205</b>
<b>TOTAL LIABILITIES</b>	<b>2,698,956</b>	<b>5,266,642</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 11)	18,959,250	18,959,250
Contributed surplus (note 13)	2,263,219	2,130,911
Accumulated other comprehensive loss	(778,235)	(1,215,458)
Deficit	(2,247,463)	(1,192,782)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>18,196,771</b>	<b>18,681,921</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>20,895,727</b>	<b>23,948,563</b>

*The accompanying notes form an integral part of these Consolidated Financial Statements.*

Approved on behalf of the Board of Directors

“Michael O’Keefe”

(signed)

Director

“Chris Dobbin”

(signed)

Director

# Nova Leap Health Corp.

## Consolidated Statements of Loss and Comprehensive Loss

(United States dollars)

	For the years ended December 31	
	2023	2022
	\$	\$
<b>Revenues</b>		
Service revenues	26,179,025	28,205,104
<b>Operating expenses</b>		
Cost of service	16,410,647	18,229,636
	<b>9,768,378</b>	<b>9,975,468</b>
<b>Corporate and administrative expenses</b>		
Head office and operations management	6,196,390	6,943,245
General & administrative	2,094,417	2,373,901
Amortization and depreciation	885,111	1,355,920
Stock-based compensation (note 12)	132,308	364,512
	<b>9,308,226</b>	<b>11,037,578</b>
<b>Income (loss) from operating activities</b>	<b>460,152</b>	<b>(1,062,110)</b>
<b>Other income (expenses)</b>		
Finance expense	(144,748)	(270,994)
Foreign exchange (loss) gain	(404,484)	933,550
Litigation settlement gain (note 15)	352,789	-
Acquisition related expenses	(105,793)	(255,188)
Impairment loss (note 5)	(1,502,562)	(514,403)
Other expenses	(21,348)	(37,416)
	<b>(1,826,146)</b>	<b>(144,451)</b>
<b>Loss before income taxes</b>	<b>(1,365,994)</b>	<b>(1,206,561)</b>
<b>Income taxes (note 6a)</b>		
Deferred income tax recovery	356,905	626,303
Current income tax expense	(45,592)	(255,487)
	<b>311,313</b>	<b>370,816</b>
<b>Net loss</b>	<b>(1,054,681)</b>	<b>(835,745)</b>
<b>Items that will be reclassified subsequently to profit or loss</b>		
Foreign exchange gain (loss) on translation to presentation currency	437,223	(1,134,841)
<b>Total comprehensive loss</b>	<b>(617,458)</b>	<b>(1,970,586)</b>
<b>Net loss per share – basic and diluted (note 16)</b>	<b>(\$0.012)</b>	<b>(\$0.010)</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Nova Leap Health Corp.

## Consolidated Statements of Changes in Shareholders' Equity

*(United States dollars)*

	Common shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total shareholders' equity \$
<b>Balance at January 1, 2023</b>	<b>86,209,252</b>	<b>18,959,250</b>	<b>2,130,911</b>	<b>(1,215,458)</b>	<b>(1,192,782)</b>	<b>18,681,921</b>
Stock-based compensation (notes 12 & 13)	-	-	132,308	-	-	132,308
Net loss for the period	-	-	-	-	(1,054,681)	(1,054,681)
Gain on foreign currency translation	-	-	-	437,223	-	437,223
<b>Balance at December 31, 2023</b>	<b>86,209,252</b>	<b>18,959,250</b>	<b>2,263,219</b>	<b>(778,235)</b>	<b>(2,247,463)</b>	<b>18,196,771</b>
<b>Balance at January 1, 2022</b>	79,294,807	17,136,284	1,781,804	(80,617)	(357,037)	18,480,434
Issuance of common shares (note 11)	6,814,445	1,788,305	-	-	-	1,788,305
Stock-based compensation (notes 12 & 13)	-	-	364,512	-	-	364,512
Stock options exercised (notes 12 & 13)	100,000	34,661	(15,405)	-	-	19,256
Net loss for the period	-	-	-	-	(835,745)	(835,745)
Loss on foreign currency translation	-	-	-	(1,134,841)	-	(1,134,841)
<b>Balance at December 31, 2022</b>	<b>86,209,252</b>	<b>18,959,250</b>	<b>2,130,911</b>	<b>(1,215,458)</b>	<b>(1,192,782)</b>	<b>18,681,921</b>

*The accompanying notes form an integral part of these Consolidated Financial Statements.*

# Nova Leap Health Corp.

## Consolidated Statements of Cash Flows

(United States dollars)

	For the years ended December 31	
	2023	2022
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(1,054,681)	(835,745)
Adjustments for items not affecting cash:		
Forgiveness of promissory notes on litigation settlement (note 15)	(257,789)	-
Government tax credit receivable	659,495	1,113,249
Amortization and depreciation	885,111	1,355,920
Impairment loss	1,502,562	514,403
Stock-based compensation (note 12)	132,308	364,512
Deferred income tax recovery	(356,905)	(626,303)
Finance expense	172,505	241,366
Unrealized foreign exchange loss (gain)	376,535	(981,253)
Gain on disposal of property and equipment	(4,861)	(15,000)
Net change in non-cash operating working capital (note 17)	100,316	(110,419)
<b>Cash provided by operating activities</b>	<b>2,154,596</b>	<b>1,020,730</b>
<b>Investing activities</b>		
Purchase of property and equipment (note 3)	(27,990)	(71,241)
Proceeds from the sale of assets	4,861	15,000
<b>Cash used in investing activities</b>	<b>(23,129)</b>	<b>(56,241)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares net of issue costs (note 11)	-	1,788,305
Repayment of demand loans and transaction costs (note 7)	(1,376,036)	(1,760,689)
Interest payments on demand loans (note 7)	(55,817)	(158,389)
Repayment of promissory notes and interest (note 8)	(682,500)	(778,844)
Repayment of lease liability and interest (note 9)	(401,715)	(396,636)
Repayment of contingent consideration	-	(126,583)
Proceeds from exercise of stock options (notes 12 and 13)	-	19,256
<b>Cash used in financing activities</b>	<b>(2,516,068)</b>	<b>(1,413,580)</b>
Effect of foreign exchange rate change on cash and cash equivalents	6,720	(11,705)
<b>Decrease in cash and cash equivalents for the year</b>	<b>(377,881)</b>	<b>(460,796)</b>
Cash and cash equivalents – beginning of year	1,272,646	1,733,442
<b>Cash and cash equivalents – end of year</b>	<b>894,765</b>	<b>1,272,646</b>

The accompanying notes form an integral part of these Consolidated Financial Statements.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 1. Nature of operations

Nova Leap Health Corp. (the “Corporation”) is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The principal activities of the Corporation and its subsidiaries (the “Group”) is to provide home and home health care services to clients. The Group is currently providing services in the United States in ten states as well as in Nova Scotia, Canada. The Corporation is a public corporation whose shares are listed and posted for trading on the TSX Venture Exchange under the symbol NLH and the over-the-counter market (OTCBB) in the United States under the symbol NVLPF.

These Consolidated Financial Statements include the accounts of the Corporation and its United States and Canadian subsidiaries. The registered head office of the Corporation is located at 7071 Bayers Road, Suite 3006, Halifax, NS Canada B3L 2C2.

The Consolidated Financial Statements were approved by the Board of Directors on March 7, 2024.

### 2. Material accounting policies

#### a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”).

#### b) Basis of measurement

The Consolidated Financial Statements are prepared on a going concern basis under the historical cost basis except for any financial assets and liabilities classified as fair value through profit and loss which are stated at fair value.

The Consolidated Financial Statements are presented in United States dollars (“USD”) which is the functional currency of the majority of the Group’s business operations. The functional currency of the Group’s United States subsidiaries is USD and the functional currency of the Corporation and the Canadian subsidiaries is Canadian dollars (“CAD”).

#### c) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Corporation and its subsidiaries, all of which have a reporting date of December 31. All transactions and balances between parties within the Group are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the Consolidated Financial Statements as they relate to the subsidiaries have been adjusted where necessary to ensure consistency with accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

#### d) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values, except for deferred tax assets or liabilities measured in accordance with International Accounting Standard (IAS) 12 *Income Taxes*. Goodwill arising on acquisition is recognized as an asset and represents the excess of acquisition cost over the fair value of the identifiable net assets of the acquiree at the date of the acquisition. Any excess of identifiable net assets over the acquisition cost is recognized in net income or loss immediately after acquisition.

#### e) Foreign currency translation

##### *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at each reporting date at the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the remeasurement of monetary items denominated in foreign currencies, to the functional currency of the respective Group Entity, are recognized in Other income on the Consolidated Statement of Loss and Comprehensive Loss.

Non-monetary items are measured at historical costs using the exchange rates at the transaction date except for non-monetary items measured at fair value which are translated using the exchange rates at the date the fair value is determined.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### e) Foreign currency translation (continued)

##### *Foreign operations*

The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities including goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated into USD at the exchange rate prevailing at the Statement of Financial Position date. Income and expenses are translated into USD at the average exchange rates in each reporting period. Differences on the translation of foreign operations into the presentation currency are recorded as other comprehensive income (loss) and recognized in accumulated other comprehensive income (loss) in Shareholders' Equity. On disposal of a foreign operation, the related accumulated translation difference recognized in Shareholders' Equity is recognized as gain or loss on disposal and reclassified to net income or loss in the Consolidated Statement of Loss and Comprehensive Loss.

#### f) Segment reporting

Management has identified the Group's reportable segments as US operations and Canadian operations. All businesses provide home care services to clients. These operating segments are monitored by the Group's Chief Operating Decision Maker, which is the Chief Executive Officer and strategic decisions are made based on segment operating results.

Corporate assets which are not directly attributable to the business activities of the operating segment are not allocated to the segment. This primarily applies to the Group's head office.

#### g) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, cash held in trust when cash held in trust is not restricted for use and short-term redeemable guaranteed investment certificates held with Schedule 1 banks. Interest earned is recognized in the Consolidated Statement of Loss and Comprehensive Loss.

#### h) Property & equipment

Property and equipment include vehicles used in operations, office leases recognized as right-of-use assets, leasehold improvements and minor equipment used in operations.

All property and equipment are recognized at acquisition cost, less accumulated amortization and impairment losses. Depreciation of vehicles and other equipment is recognized on a straight-line basis over the useful life less estimated residual value. The useful life of used vehicles and equipment is 2-6 years depending on the type, age and condition of the asset.

The expected useful lives for right-of-use assets and leasehold improvements is determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property and equipment are recognized in Other income in the Consolidated Statement of Loss and Comprehensive Loss.

#### i) Intangible assets

Customer lists, non-compete agreements and brands acquired in a business acquisition that qualify for separate recognition are recognized as intangible assets at their fair values.

Customer lists are accounted for using the cost model whereby capitalized costs are amortized over their estimated useful lives using the declining balance method. The useful life is based on an estimated customer attrition rate. Non-compete agreements are accounted for using the cost model whereby capitalized costs are amortized using the straight-line method over the duration of the non-compete agreement.

All indefinite-lived intangible assets are accounted for at cost less accumulated impairment losses and are subject to at least annual impairment testing, or more frequently if indicators of impairment are identified (see note 2t).

#### k) Goodwill

Goodwill represents the future economic benefits arising from a business acquisition that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses and is subject to at least annual impairment testing, or more frequently if indicators of impairment are identified (see note 2t).

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### l) Leases

The Group recognizes a contract as a lease when the contract meets the following conditions:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentives received. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The lease liability is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments, with the corresponding adjustment reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized in general & administrative expenses in the Consolidated Statement of Loss and Comprehensive Loss on a straight-line basis over the lease term.

#### m) Stock-based compensation

The Corporation accounts for stock options using the fair value method. The fair value of stock options granted is determined using the Black-Scholes pricing model. Stock-based compensation expense is calculated over the vesting period based on the number of stock options expected to vest. Stock-based compensation expense is recorded in the Consolidated Statement of Loss and Comprehensive Loss with a corresponding increase to contributed surplus. When stock options are exercised, the consideration received and the amount previously recognized in contributed surplus are recorded as an increase to share capital. All stock options are equity settled.

#### n) Deferred share units

The fair value of the deferred share units ("DSUs") granted to Directors is measured based on the volume weighted average share price of the Corporation's common shares for the five trading days preceding the day the DSUs are granted. The fair value of DSUs granted is recorded as Stock-based compensation expense in the Consolidated Statement of Loss and Comprehensive Loss with a corresponding increase to contributed surplus. All DSUs are settled in awards of common shares.

#### o) Equity

Share capital represents the nominal (par) value of shares that have been issued.

The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Corporation allocates the net proceeds and issue costs based on the relative fair values of each component. The fair value of warrants is determined using the Black-Scholes pricing model.

Accumulated other comprehensive income in shareholders' equity represents the differences arising from the translation of the financial statements of the Group's foreign operations into the presentation currency of the Group.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### p) **Income (loss) per share**

Basic income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated, after giving effect to the potential dilution that would occur if all outstanding share-based transactions were exercised, using the treasury stock method. This method assumes that the proceeds received upon exercise of all share-based payments, including employee stock options, deferred share units and convertible debentures, with an exercise price lower than the average market price of the Corporation's common shares, would be used to repurchase common shares at the average market price for the period. The resulting incremental number of common shares is added to the weighted average number of common shares.

#### q) **Revenue**

The Group generates revenues by providing home and home health care services directly to clients, such as dementia care, companionship, personal care and skilled nursing care. The Group receives payments for providing services from private individuals, government agencies such as the Department of Veteran Affairs and long-term care insurance companies. The transaction price for revenue is based on the hourly rate specified in client agreements and revenue is recognized at the time services are rendered, which is the point in time when all performance obligations are satisfied. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

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

#### r) **Government grants and loans**

The Group recognizes government grant income when compliance with the relevant conditions of the grant has been met and collection is probable or the grant proceeds have been received.

The Group initially recognizes government loans at fair value with the difference between the fair value and proceeds received recognized as government grant income. At each reporting period, conditions for forgiveness are assessed and, if conditions have been met, the amount of the loan forgiven is accounted for as government grant income and classified as Other income on the Consolidated Statement of Loss and Comprehensive Loss.

#### s) **Income taxes**

The Group uses the liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax impact of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. The effect on deferred income tax assets or liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

#### t) **Impairment of long-lived assets and goodwill**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units ("CGUs")). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Goodwill is allocated to those cash-generating units or groups of CGUs that are expected to benefit from synergies of a related business acquisition and represent the lowest level within the Group at which management monitors goodwill. Goodwill is monitored by the Group at an operating segment level.

CGUs to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually, at various times during the year, depending on the CGU. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### t) Impairment of long-lived assets and goodwill (continued)

An impairment loss is recognized for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for CGUs, resulting from the required annual impairment test, reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

Assets other than goodwill are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss for assets other than goodwill is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount. Impairment losses on goodwill are not subsequently reversed.

#### u) Significant management judgement

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effects on the financial statements.

##### *Recognition of deferred income tax assets and measurement of income tax expense*

Management continually evaluates the likelihood that its deferred tax assets can be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment.

##### *Going concern*

The assessment of the Group's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned organic expansion and acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### v) Management estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

Estimates and assumptions that could have a significant impact on the amounts recognized in the Consolidated Financial Statements are summarized below. Estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future.

##### *Impairment of goodwill and intangible assets*

Determining if there are any facts or circumstances indicating an impairment loss is a subjective process involving judgment as well as a number of estimates and interpretations. When an indication of impairment exists, or at least annually for goodwill and indefinite life intangible assets, the recoverable amount of the individual asset or the cash generating units must be estimated. In assessing impairment, the Group must make some estimates and assumptions regarding future circumstances, in particular, estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. Estimates and assumptions may change if new information becomes available.

In assessing impairment on assets with definite lives such as customer lists, the Group must make estimates and assumptions relating to future expected business volumes attributed to the asset and determine if a decline from expectations represents an indicator of impairment.

##### *Stock-based compensation*

The Corporation's equity-settled stock-based compensation is measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is estimated using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatility, interest rates, expected life and expected forfeitures, which are uncertain and based on information available at the time the fair value is measured.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### v) Management estimates (continued)

##### *Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets, including estimating fair value of promissory notes, demand loans and contingent consideration. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data but if not available, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### *Business combinations*

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the purchase price allocation and amounts attributable to customer lists, brands, non-compete agreements and goodwill are estimated using fair value techniques and is dependent on several factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. The Group bases its fair value estimates on assumptions management believes to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

##### *Recognition of contingent consideration*

The purchase price of certain acquisitions may include contingent consideration which represents potential future payments subject to the acquired business achieving certain performance targets. At the date of acquisition and at each subsequent reporting period, the Corporation estimates the potential future payments based on the performance of the acquired businesses to date. Any changes in the fair value of the contingent consideration between reporting periods are included in the determination of net income or loss. Changes in fair value arise as a result of various factors, including the estimated probability of the acquired business achieving its earnings targets, potential future payments and discount rates applied.

#### w) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

##### *Classification and measurement of financial assets*

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value and adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Group does not have any financial assets categorized as FVOCI or FVTPL. The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented in finance expense, except for impairment of accounts receivable which is presented in general and administrative expenses.

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective it is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

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### 2. Material accounting policies (continued)

#### w) Financial instruments (continued)

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and accounts receivables fall into this category of financial instruments.

#### *Impairment of financial assets*

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include accounts receivables.

The Group makes use of a simplified approach in accounting for accounts receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of accounts receivable on a collective basis. As accounts receivable possess shared credit risk characteristics, they have been grouped based on the days past due.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

#### *Classification and measurement of financial liabilities*

The Group's financial liabilities include demand loans, promissory notes, contingent consideration, client deposits payable and accounts payables and accrued liabilities and are all measured at amortized cost except contingent consideration which is measured at FVTPL.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance expense.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 2. Material accounting policies (continued)

#### w) Financial instruments (continued)

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates.
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

#### x) Accounting changes

##### *Other pronouncements*

The Corporation assesses new accounting pronouncements to determine whether there could be a material impact on its Consolidated Financial Statements. As at December 31, 2023, there have been no accounting pronouncements by the IASB that would have a material impact on the Group's financial results or position.

### 3. Property and equipment

The changes in property and equipment for the year are as follows:

	Leasehold improvements	Right of use assets (property)	Vehicles and other equipment	Total
	\$	\$	\$	\$
Balance at January 1, 2023	62,637	1,430,622	354	1,493,613
Additions	-	75,291	27,990	103,281
Depreciation	(7,995)	(350,798)	(7,697)	(366,490)
Disposal (lease modification)	-	(60,081)	-	(60,081)
Foreign exchange gain	1,359	16,701	-	18,060
Balance at December 31, 2023	56,001	1,111,735	20,647	1,188,383

	Leasehold improvements	Right of use assets (property)	Vehicles and other equipment	Total
	\$	\$	\$	\$
Balance at January 1, 2022	-	1,286,204	7,385	1,293,589
Additions	71,241	624,869	-	696,110
Depreciation	(5,068)	(362,122)	(7,031)	(374,221)
Disposal (lease modification)	-	(68,866)	-	(68,866)
Foreign exchange loss	(3,536)	(49,463)	-	(52,999)
Balance at December 31, 2022	62,637	1,430,622	354	1,493,613

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 4. Intangible assets

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

	Definite life (customer lists & non- compete agreements) \$	Indefinite life (brands) \$	Total \$
Balance at January 1, 2023	987,144	103,366	1,090,510
Amortization	(518,621)	-	(518,621)
Impairment (note 5)	(31,667)	-	(31,667)
Foreign exchange gain	4	2,485	2,489
Balance at December 31, 2023	436,860	105,851	542,711

	Definite life (customer lists & non- compete agreements) \$	Indefinite life (brands) \$	Total \$
Balance at January 1, 2022	1,969,025	110,428	2,079,453
Amortization	(981,699)	-	(981,699)
Foreign exchange loss	(182)	(7,062)	(7,244)
Balance at December 31, 2022	987,144	103,366	1,090,510

### 5. Goodwill

The changes in goodwill for the year are as follows:

	December 31, 2023 \$	December 31, 2022 \$
Balance, beginning of period	16,040,114	16,705,091
Impairment	(1,470,895)	(514,403)
Foreign exchange gain (loss)	53,000	(150,574)
Balance, end of period	14,622,219	16,040,114

The carrying value of goodwill for each CGU is as follows:

	December 31, 2023 \$	December 31, 2022 \$
US-RI	-	1,470,895
US-MA	4,172,923	4,172,923
US-South Carolina	465,906	465,906
US-South Central	2,863,646	2,863,646
US-Midwest	4,862,395	4,862,395
Canada-NS	2,257,349	2,204,349
<b>Total</b>	<b>14,622,219</b>	<b>16,040,114</b>

During the year, the Corporation reviewed the grouping of its MA I and MA II CGUs for the purpose of annual goodwill impairment testing. As a result, these CGUs have been combined as MA to better align with changes in operations, cash flows and internal reporting.

The Corporation performed its annual goodwill impairment test in accordance with its policy described in Note 2. The Corporation compared the recoverable amount of the assets included in the groups of CGUs to their respective carrying amounts. The recoverable amount is the higher of a CGUs fair value less costs of disposal and its value-in-use. To determine the value-in-use, management estimates expected future cash flows from each group of CGUs and determines a suitable discount rate to calculate the present value of those cash flows.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 5. Goodwill (continued)

The data used for the impairment testing procedures was based on a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate determined by management. Discount factors are determined individually for each group of CGUs and reflect current market assessments of the time value of money and asset-specific risk factors.

The key assumptions used in the goodwill impairment tests include the following:

- Pre-tax discount rates ranging from 19.24% to 34.17% (December 31, 2022 – 15.03% to 26.66%) reflecting the risks specific to each group of CGUs.
- A five-year cash flow forecast based on current fiscal year financial results adjusted for inflation and any known changes (i.e. increase in billing rates, change in office staff, etc.) and a perpetual growth rate of 3.0% (December 31, 2022 – 3.0%) based on applicable inflation rates.
- Forecasted gross margins and operating income margins based on margins achieved in the current fiscal year. Management believes the operating margins are reasonably achievable.

#### Impairment Loss

The recoverable amount of the groups of CGU's exceeded the carrying amounts except for the US-RI CGU.

During Q2 2023, the Corporation determined that indicators of impairment existed within the US-RI CGU and a goodwill impairment test was completed which resulted in an impairment loss of \$350,567. The impairment loss was due to a decline in client service hours and an expected longer recovery time to return to previous revenue levels.

At December 31, 2023, due to a continued decline in client service hours, an additional goodwill impairment test was completed which resulted in an impairment of \$1,151,995. The total impairment losses recognized related to the US-RI CGU for the year ended December 31, 2023 was \$1,502,562.

The data used for the impairment testing procedures was based on a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate of 3% and a discount rate of 18.5% - 19.2%. Given the ongoing negative operating results for this CGU, the value in use calculations did not support the carrying value of the goodwill and intangible assets and impairment of \$1,470,895 and \$31,667 respectively was recognized during the year.

The impairment loss of \$514,403 recognized in the US-MA II CGU in 2022, representing the entire balance of goodwill attributable to that CGU, was due to a significant decline in client service hours and an expected longer recovery time to return to previous revenue levels.

Based on a sensitivity analysis, reasonable changes in assumptions would not result in an impairment loss in the groups of CGUs.

### 6. Income taxes

#### a) Income tax expense

The Group's provision for income taxes differs from the amount calculated by applying the combined Canadian federal and provincial income tax rates and United States federal and state corporate income tax rates to the income before income taxes, as follows:

	2023	2022
	\$	\$
Loss before income taxes	(1,365,994)	(1,206,561)
Combined statutory income tax rate	25.95%	25.64%
Expected income tax recovery	(354,475)	(309,362)
Increase (decrease) resulting from:		
Non-deductible stock-based compensation	34,334	93,461
Effect of foreign exchange, income tax rate differences and other items	(30,136)	(204,477)
Non-deductible expenses	3,472	7,544
State taxes included in current income tax expense	35,492	42,018
Income tax recovery	(311,313)	(370,816)

The combined statutory income tax rate is comprised of a blended federal and provincial corporate income tax rate of 29% (2022 – 29%) in Canada and a blended federal and state corporate income tax rate of 25.17% (2022 – 25.21%) in the United States, based on the locations where the Group operates.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 6. Income taxes (continued)

#### b) Deferred income tax assets

Deferred income tax assets arising from temporary differences and non-capital losses are summarized as follows:

#### For the year ended December 31, 2023

	Canada	US	Total
	\$	\$	\$
Non-capital loss carry-forward	50,416	594,805	645,221
Intangible assets and goodwill	(38,425)	873,377	834,952
Share issuance costs	37,595	-	37,595
Debt	8,771	(628)	8,143
Unrealized foreign exchange (losses) gains and other	(22,202)	197,576	175,374
Deferred income tax asset (liability)	36,155	1,665,130	1,701,285

#### For the year ended December 31, 2022

	Canada	US	Total
	\$	\$	\$
Non-capital loss carry-forward	75,088	526,280	601,368
Intangible assets and goodwill	(30,539)	740,208	709,669
Share issuance costs	61,440	-	61,440
Debt	11,377	(7,564)	3,813
Unrealized foreign exchange (losses) gains and other	(125,723)	95,696	(30,027)
Deferred income tax asset (liability)	(8,357)	1,354,620	1,346,263

#### c) Non-capital loss carry-forward

The Group has non-capital income tax losses of \$173,847 (CAD\$229,930) available to reduce future taxable income in Canada and \$2,362,789 available to reduce future taxable income in the United States. The Canadian non-capital income tax losses expire in 2042.

### 7. Demand loans

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

	December 31, 2023	December 31, 2022
	\$	\$
At amortized cost:		
Balance, beginning of period	1,378,244	3,122,672
Guarantee insurance costs	(6,515)	(14,542)
Effective interest	47,452	197,055
Interest payment	(55,817)	(158,389)
Principal repayment in cash	(1,369,521)	(1,746,147)
Foreign exchange loss (gain)	6,157	(22,405)
Balance, end of period	-	1,378,244
Fair value	-	1,368,545

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 7. Demand loans (continued)

At December 31, 2023, all demand loans were fully repaid. The details of the issued demand loans outstanding as of December 31, 2022 were as follows:

	Facility#5	Facility#4	Facility#3	Facility#2 <sup>(a)</sup>	Facility#1 <sup>(a)</sup>
Year of issue	2021	2018	2018	2018	2018
Original principal amount including issue costs	\$1,600,000	\$1,391,503	\$785,383	\$795,987	\$807,946
Remaining principal	\$ 640,000	\$ 488,806	\$ 44,404	\$ 70,824	\$ 134,210
Remaining amortization period	3 months	26 months	3 months	5 months	9 months
Annual interest rate	US prime rate plus 1.5%	US base rate plus 1.5%	US base rate plus 1.5%	CAD prime rate plus 2%	CAD prime rate plus 1.5%
EDC Guarantee	50%	75%	75%	N/A	50%
EDC Guarantee fee	2.35%	2.35%	2.35%	N/A	2.35%

a) Loans were repayable in Canadian dollars. The original principal amount was translated to the USD presentation currency at the rate in effect at the date of initial recognition and the remaining principal at the rate in effect at the period end.

During the year, facilities #1, #2 and #3 were repaid consistent their original amortization period. Facility #4 was repaid during 2023 in advance of the original amortization period.

The non-revolving demand loan (facility #5) was a temporary working capital facility obtained for acquisition purposes in 2021 until the ERC receivable was received. This loan was based on interest only payments at a rate of US prime plus 1.5%. During the year, the non-revolving demand loan was fully repaid and had no outstanding balance at December 31, 2023 (December 31, 2022 - \$640,000).

The Corporation also has access to a \$1,134,130 (CAD\$1,500,000) revolving operating facility for working capital purposes from a Schedule 1 Canadian bank. The interest rate is CAD prime rate plus 1.5%. The CAD prime rate at December 31, 2023 was 7.20 % (December 31, 2022 – 6.45%). Interest is calculated monthly in arrears, and payable on the last day of each month. The facility is repayable on demand. There was no outstanding balance on this facility at December 31, 2023 or December 31, 2022.

The revolving operating facility is and all demand loans were secured through a registered General Security Agreement and a Corporate Guarantee for the principal amount of the loan from Nova Leap's US and Canadian subsidiaries.

### 8. Promissory notes

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

	December 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	1,008,035	1,671,461
Effective interest	49,763	114,119
Repayments	(682,500)	(778,844)
Forgiveness of notes on litigation settlement (note 15)	(257,789)	-
Foreign exchange loss	-	1,299
Balance, end of period	117,509	1,008,035
Current portion	117,509	890,526
Non-current portion	-	117,509
Balance, end of period	117,509	1,008,035
Fair value	119,940	971,088

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 8. Promissory notes (continued)

The details of the promissory note outstanding as of December 31, 2023 are as follows:

	<b>Note#1</b>
Year of issue	2021
Original principal amount	\$360,000
Fair value on initial recognition	\$340,780
Annual interest rate	5%
Repayment terms (instalments are principal plus accrued interest)	3 equal instalments on Dec. 17
Remaining principal amount at:	
- December 31, 2023	\$120,000
- December 31, 2022	\$240,000

The promissory note was initially recorded at fair value using a market interest rate of 7.75% (December 31, 2022 – 7.75%) and subsequently measured at amortized cost using the effective interest rate method. The promissory note is subject to a Guarantee Agreement from the Corporation and is subordinated to the demand loans (note 7).

The details of the promissory notes repaid during the year ended December 31, 2023 are as follows:

	<b>Note#5</b>	<b>Note#4</b>	<b>Note#3</b>	<b>Note#2</b>	<b>Note#1</b>
Year of issue	2021	2021	2021	2021	2020
Original principal amount	\$350,000	\$75,000	\$300,000	\$100,000	\$225,000
Fair value on initial recognition	\$321,416	\$70,906	\$275,500	\$95,895	\$205,979
Annual interest rate	2%	4%	2%	5%	2%
Remaining principal amount at December 31, 2022	\$175,000	\$37,500	\$150,000	\$50,000	\$125,000

### 9. Lease liability

The changes in the lease liability for the year are as follows:

	<b>December 31, 2023</b>	December 31, 2022
	\$	\$
Balance, beginning of period	<b>1,491,984</b>	1,315,112
Additions	<b>75,524</b>	624,869
Disposal (lease modification)	<b>(68,162)</b>	(68,866)
Effective interest	<b>75,471</b>	68,493
Repayments	<b>(401,715)</b>	(396,636)
Foreign exchange loss (gain)	<b>17,078</b>	(50,988)
Balance, end of period	<b>1,190,180</b>	1,491,984
Current portion	<b>276,124</b>	331,288
Non-current portion	<b>914,056</b>	1,160,696
Balance, end of period	<b>1,190,180</b>	1,491,984

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 10. COVID-19 relief programs

#### a) Employee Retention Credit (“ERC”)

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) contained a business relief provision known as the Employee Retention Credit, a refundable payroll tax credit for qualified wages paid to retain employees. The ERC was in effect from January 1, 2021 to September 30, 2021. Employers qualified 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 could elect to use the immediately preceding calendar quarter.

Nova Leap’s US segment qualified for the ERC in 2021 and recognized \$5,102,258 in Other income on the Consolidated Statement of Income and Comprehensive Income. As at December 31, 2023, all outstanding ERC credits were received and \$nil is outstanding (December 31, 2022 - \$659,495).

#### b) Government loans & deferred payroll liability

##### i) Deferred payroll liability

The CARES Act in the US allowed employers to defer the payment of the employers 6.2% share of the Social Security (FICA) payroll tax for the period beginning on March 27, 2020 and ending on December 31, 2020. The repayment terms were that 50% of the deferred payroll liability was due by December 31, 2021 and the remaining 50% was due by December 31, 2022. The Corporation implemented this program effective May 4, 2020 and accumulated a deferral of \$364,834 at December 31, 2020 all of which was repaid before December 31, 2022.

##### ii) Canadian Emergency Business Account (“CEBA”) loan

During the year ended December 31, 2020, two of the Canadian entities received a total of \$90,317 (CAD\$120,000) of CEBA loans from the Canadian Government in response to the COVID-19 pandemic. The loans are interest-free and \$30,243 (CAD\$40,000) qualified for forgiveness as the loans were repaid by the repayment deadline of January 18, 2024.

The changes in the government loans and deferred payroll liability for the year are as follows:

	<b>CEBA Loans</b>	<b>Deferred payroll liability</b>	<b>Total</b>
	\$	\$	\$
Balance at January 1, 2023	<b>88,600</b>	-	<b>88,600</b>
Foreign exchange loss	<b>2,130</b>	-	<b>2,130</b>
Balance at December 31, 2023	<b>90,730</b>	-	<b>90,730</b>
Current portion	<b>90,730</b>	-	<b>90,730</b>

	<b>CEBA Loans</b>	<b>Deferred payroll liability</b>	<b>Total</b>
	\$	\$	\$
Balance at January 1, 2022	90,540	207,833	298,373
Effective interest	4,007	-	4,007
Repayment	-	(207,833)	(207,833)
Foreign exchange gain	(5,947)	-	(5,947)
Balance at December 31, 2022	88,600	-	88,600
Current portion	88,600	-	88,600

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

(United States dollars)

For the years ended December 31, 2023 and 2022

### 11. Share capital

**a. Authorized:**

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

**b. Issued and outstanding:**

	December 31, 2023		December 31, 2022	
	Number of Shares	Value \$	Number of Shares	Value \$
Balance, beginning of period	86,209,252	18,959,250	79,294,807	17,136,284
Issuance of common shares	-	-	6,814,445	1,788,305
Stock options exercised	-	-	100,000	34,661
Balance, end of period	86,209,252	18,959,250	86,209,252	18,959,250

During the year ended December 31, 2023, no new shares were issued and no stock options were exercised.

During 2022, Nova Leap closed a non-brokered private placement, through the issuance of 6,814,445 common shares at a price of CAD\$0.35 per share, for gross proceeds of \$1,818,432 (CAD\$2,385,056). The Company had share issuance costs related to the private placement of \$30,127 (CAD\$39,515) resulting in net proceeds of \$1,788,305 (CAD\$2,345,541).

### 12. Equity incentive plans

The Corporation had an Amended and Restated Equity Incentive Plan (the "Plan") for directors, officers, employees and consultants which included the award of stock options and deferred share units ("DSUs"). The total number of shares available for issuance under the Plan could not exceed 10% of the issued and outstanding common shares of the Corporation, and the maximum number of shares available for issuance under the DSU plan was 500,000 common shares of the Corporation, unless shareholder and regulatory approvals are obtained. The Plan was approved by the Shareholders on April 29, 2021.

On June 28, 2023, the shareholders approved a Second Amended and Restated Equity Incentive Plan for directors, employees and consultants which removed the fixed maximum number of common shares that may be issued upon redemption of deferred share units.

#### *Stock options*

Stock options granted under the Plan have a ten-year term and are non-transferable. Vesting conditions are determined by the Board of Directors at the time of grant. Vested stock options may be exercised ninety days following the date of termination of employment or holding office as a director or officer of the Corporation and, in the case of death, within one year thereafter. Stock options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

The changes in stock options during the year were as follows:

	December 31, 2023		December 31, 2022	
	Number	Weighted Average Exercise Price (CAD)	Number	Weighted Average Exercise Price (CAD)
Balance, beginning of year	7,886,250	\$0.42	7,185,000	\$0.43
Granted	1,000,000	\$0.35	1,000,000	\$0.35
Exercised	-	\$0.00	(100,000)	\$0.25
Expired, cancelled, or forfeited	(1,406,250)	\$0.48	(198,750)	\$0.48
Balance, end of year	7,480,000	\$0.40	7,886,250	\$0.42

In December 2023, Nova Leap granted 1,000,000 stock options to directors, officers and employees of the Corporation (December 2022 – 1,000,000 stock options). The stock options are exercisable for a period of 10 years at an exercise price of CAD \$0.35 per share and vest 25% immediately and 25% on each anniversary date of the stock option grant date. All options were granted under, and are subject to, the terms and conditions of the Plan.

# Nova Leap Health Corp.

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### 12. Equity incentive plans (continued)

The following table summarizes information relating to the outstanding and exercisable options at December 31, 2023:

Expiry date	Outstanding		Exercisable	
	Number	Exercise price (CAD) \$	Number	Exercise price (CAD) \$
Apr 25, 2026	1,105,000	\$0.10	1,105,000	\$0.10
Jan 11, 2028	950,000	\$0.25	950,000	\$0.25
Jan 13, 2029	1,300,000	\$0.45	1,300,000	\$0.45
Dec 10, 2029	1,075,000	\$0.45	1,075,000	\$0.45
Dec 29, 2030	475,000	\$0.78	475,000	\$0.78
Dec 20, 2031	700,000	\$0.78	525,000	\$0.78
Dec 9, 2032	875,000	\$0.35	437,500	\$0.35
Dec 7, 2033	1,000,000	\$0.35	250,000	\$0.35
	7,480,000	\$0.40	6,117,500	\$0.40

The weighted average contractual life outstanding as at December 31, 2023 is 6.15 years.

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

	December 7, 2023	December 9, 2022
Option grant date		
Exercise price (CAD)	\$0.35	\$0.35
Risk free interest rate	3.31%	2.81%
Expected volatility	75%	86%
Expected dividend yield	0%	0%
Expected life	6.4 years	7.2 years
Expected Forfeiture	4.29%	2.24%
Grant date fair value (CAD)	\$0.17	\$0.18

The expected volatility was determined based on a weighted average of Nova Leap's historical share price volatility from the date of the grant over the trading history available.

During the year ended December 31, 2023, Nova Leap recorded stock-based compensation with an offsetting increase to contributed surplus of \$132,308 relating to the stock option plan (December 31, 2022 - \$252,242).

#### *Deferred share units*

In accordance with the Plan, directors may elect to receive all or a portion of their annual compensation and incentive awards in the form of DSUs. The directors must elect to participate in the Plan prior to the beginning of the fiscal year and this election is irrevocable. DSU awards generally vest immediately; however, the redemption of the DSUs only occurs after the director retires, resigns or otherwise leaves the Board of Directors. Each DSU is equivalent in value to one common share. Beginning in Q3 2021, the directors all elected to receive their annual compensation in DSUs. Directors' fees are paid on a quarterly basis and, at the time of each payment of fees, the applicable amount are converted into DSUs based on the volume weighted average share price of the Corporation's common shares over the five previous trading days. The maximum total number of shares available for issuance under the plan was reached in Q3 2022.

On June 28, 2023, the shareholders approved a Second Amended and Restated Equity Incentive Plan for directors, employees and consultants which removed the fixed maximum number of common shares that may be issued upon redemption of deferred share units.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 12. Equity incentive plans (continued)

The following table summarizes the changes in the outstanding DSUs:

	December 31, 2023		December 31, 2022	
	Number of DSUs	Value \$	Number of DSUs	Value \$
Balance, beginning of period	500,000	178,938	131,785	66,668
Granted	-	-	368,215	112,270
Balance, end of period	500,000	178,938	500,000	178,938

No DSUs were issued in 2023. During the year ended December 31, 2022, Nova Leap granted 368,215 DSUs to the Directors at a weighted average share price of CAD\$0.39. All DSUs were granted under, and are subject to, the terms and conditions of the Plan. Stock-based compensation relating to the DSU plan in 2022 was \$112,270.

The Corporation recorded total stock-based compensation during the year ended December 31, 2023 of \$132,308 (December 31, 2022 - \$364,512).

### 13. Contributed surplus

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

	December 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	2,130,911	1,781,804
Stock-based compensation (note 12)	132,308	364,512
Stock options exercised (note 12)	-	(15,405)
Balance, end of period	2,263,219	2,130,911

### 14. Related party transactions

Transactions with related parties were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the parties. Related parties include members of the Board of Directors, as well as the Chief Executive Officer and the Chief Financial Officer. Corporate and administrative expenses include the following related party remuneration expenses:

	Year ended December 31	
	2023	2022
	\$	\$
Management compensation	414,697	437,454
Directors' compensation including DSUs (note 12)	142,276	148,247
Stock-based compensation	129,124	200,926
	686,097	786,627

As at December 31, 2023, there was \$53,337 included in accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2022 – \$1,882) for compensation and expense reimbursements, and \$11,341 for amounts due to Directors for Directors' fees (December 31, 2022 – \$11,204).

During the year ended December 31, 2022, certain related parties participated in the Corporation's private placement of common shares and subscribed for an aggregate of 885,802 common shares.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 15. Litigation settlement

The litigation previously initiated by Nova Leap in 2022 was settled in the current year, resulting in a total gain of \$352,789 for the year ended December 31, 2023. The settlement consisted of a cash payment of \$95,000, forgiveness of the remaining promissory notes plus accrued interest of \$257,789 and the elimination of any future earnout payments. As at December 31, 2022, the fair value of contingent consideration was determined to be \$nil.

### 16. Earnings per share

Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that stock options, DSUs and convertible debt have been exercised on the later of the beginning of the period and the date granted. For the years ended December 31, 2023 and December 31, 2022 all stock options and DSUs were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

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

	Year ended December 31	
	2023	2022
<b>Weighted average number of shares used in basic and diluted earnings per share</b>	<b>86,209,252</b>	<b>81,458,770</b>

### 17. Supplemental cash flow information

	Year ended December 31	
	2023	2022
	\$	\$
<b>Change in non-cash operating working capital:</b>		
Accounts receivable	101,169	417,415
Prepaid expenses	(1,611)	(7,394)
Accounts payable and accrued liabilities	(1,288)	(67,143)
Income taxes payable	-	(200,000)
Client deposits payable	2,046	(45,464)
Government loans and deferred payroll liability	-	(207,833)
	<b>100,316</b>	<b>(110,419)</b>
<b>Supplemental information:</b>		
Interest paid	156,287	279,140
Income taxes paid	33,578	448,605

### 18. Capital management

The Group manages its capital structure and adjusts it, based on the funds available to the Group, to support the identification and evaluation of further home care business or asset acquisitions and continue as a going concern. The Group considers capital to be shareholders' equity, promissory notes and demand loans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business. Additional funds may be required to finance further acquisitions and finance expenses.

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 19. Financial instruments

The Group's risk management is coordinated at its Head Office, 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, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	894,765	1,272,646
Accounts receivable	1,652,116	1,753,285
	<b>2,546,881</b>	<b>3,025,931</b>

#### Credit risk management

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 December 31, 2023, the Group had \$59,584 collected for client deposits (December 31, 2022 - \$57,538), representing approximately 3.6% of outstanding accounts receivable, billed and accrued (December 31, 2022 – 3.3%).

#### 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.

The expected loss rates are based on the payment profile for revenues over the past 12 months before December 31, 2023. 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 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 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 others is considered indicators of no reasonable expectation of recovery.

Lifetime expected credit loss is less than 0.2% and the Group's accounts receivable maximum exposure to credit risk is \$1,572,697 at December 31, 2023 (December 31, 2022 – \$1,695,747) with 65% of the balance outstanding for less than 30 days (December 31, 2022 – 75%). Actual specific write-offs of accounts receivable for the year ended December 31, 2023 was \$57,080 (December 31, 2022 - \$81,841).

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 19. Financial instruments (continued)

#### Liquidity risk

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

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

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and accounts receivable. The Group's existing cash resources and accounts receivable, in addition to the current unused balance of the revolving operating facility and cash flow projections are expected to be sufficient to meet the contractual cash outflow requirements over the next twelve months. 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:

As at December 31, 2023	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
Account payable and accrued liabilities	1,240,953	-	-	-
Client deposits	59,584	-	-	-
Promissory notes, principal and interest	126,000	-	-	-
Lease liability, principal and interest	335,938	305,579	480,096	238,228
Government loans	60,487	-	-	-
Total	1,822,962	305,579	480,096	238,228

As at December 31, 2022	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
Account payable and accrued liabilities	1,242,241	-	-	-
Client deposits	57,538	-	-	-
Demand loans, principal and interest	1,127,662	237,125	77,096	-
Promissory notes, principal and interest	940,000	126,000	-	-
Lease liability, principal and interest	405,842	359,260	656,390	303,223
Government loans	59,067	-	-	-
Total	3,832,350	722,385	733,486	303,223

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

# Nova Leap Health Corp.

## Notes to the Consolidated Financial Statements

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### 19. Financial instruments (continued)

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

	December 31, 2023 (CAD) \$	December 31, 2022 (CAD) \$
Cash and cash equivalents	288,643	821,821
Accounts receivable	232,445	223,223
Accounts payable & accrued liabilities	(455,173)	(424,171)
Demand loans	-	(277,698)
Lease liability	(933,413)	(1,012,977)
Government loans	(120,000)	(120,000)
	<b>(987,498)</b>	<b>(789,802)</b>

A change of 5.0% in the Canadian dollar exchange rate at December 31, 2023 would affect net income and comprehensive income and deficit by approximately \$35,500 (December 31, 2022 - \$28,000).

#### Interest rate sensitivity

As at December 31, 2023, the Group had no exposure to changes in market interest rates through bank borrowings at variable interest rates. An increase or decrease of 1% in interest rates would have no effect on net income and comprehensive income and deficit. (December 31, 2022 - \$11,000).

#### Fair value

All financial assets and liabilities are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value.

### 20. Segment reporting

Management identifies the Group's reportable segments as Canadian operations and US operations. All businesses provide home care services to clients. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made based on segment operating results. Group Head Office provides management oversight and expertise including merger and acquisitions services.

Segment information for the year is as follows:

	For the year ended December 31, 2023				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
<b>Segment revenues</b>	<b>22,653,764</b>	<b>3,515,648</b>	<b>26,169,412</b>	<b>9,613</b>	<b>26,179,025</b>
Cost of services	13,937,162	2,473,485	16,410,647	-	16,410,647
<b>Gross margin</b>	<b>8,716,602</b>	<b>1,042,163</b>	<b>9,758,765</b>	<b>9,613</b>	<b>9,768,378</b>
Corporate & administrative <sup>(i)</sup>	6,375,175	709,705	7,084,880	1,205,927	8,290,807
Amortization and depreciation	765,007	54,128	819,135	65,976	885,111
Stock-based compensation	11,259	13,000	24,259	108,049	132,308
<b>Segment operating income (loss)</b>	<b>1,565,161</b>	<b>265,330</b>	<b>1,830,491</b>	<b>(1,370,339)</b>	<b>460,152</b>
<b>Segment assets</b>	<b>17,324,584</b>	<b>2,894,383</b>	<b>20,218,967</b>	<b>676,760</b>	<b>20,895,727</b>

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### 20. Segment reporting (continued)

	For the year ended December 31, 2022				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
<b>Segment revenues</b>	<b>24,128,583</b>	<b>4,066,401</b>	<b>28,194,984</b>	<b>10,120</b>	<b>28,205,104</b>
Cost of services	15,499,979	2,729,657	18,229,636	-	18,229,636
<b>Gross margin</b>	<b>8,628,604</b>	<b>1,336,744</b>	<b>9,965,348</b>	<b>10,120</b>	<b>9,975,468</b>
Corporate & administrative <sup>(i)</sup>	7,275,240	726,850	8,002,090	1,315,056	9,317,146
Amortization and depreciation	1,239,052	50,476	1,289,528	66,392	1,355,920
Stock-based compensation	7,044	16,900	23,944	340,568	364,512
<b>Segment operating income (loss)</b>	<b>107,268</b>	<b>542,518</b>	<b>649,786</b>	<b>(1,711,896)</b>	<b>(1,062,110)</b>
<b>Segment assets</b>	<b>19,966,969</b>	<b>2,848,383</b>	<b>22,815,352</b>	<b>1,133,211</b>	<b>23,948,563</b>

i) Corporate & administrative includes Head office and operations management and general & administrative expenses.

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.