Nova Leap Health Corp.

Management Discussion & Analysis
For the year ended December 31, 2021

NOVA LEAP HEALTH CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 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 March 10, 2022 and provides an analysis of the Corporation's operations for the years ended December 31, 2021 and 2020. This MD&A should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the years ended December 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 Consolidated 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 eleven different U.S. states within the New England, Southeastern, South Central and Midwest 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 (referred to in this MD&A as Adjusted 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 3006-7071 Bayers Road, Halifax, NS Canada.

SELECTED ANNUAL INFORMATION

	2021 $	2020 $	2019 $
Service revenues	**21,279,083**	17,309,407	17,404,715
Adjusted EBITDA(1)	**4,488**	462,007	907,260
Less: Amortization and depreciation	**861,464**	544,224	618,670
Less: Stock-based compensation	**374,404**	313,861	401,420
Loss from operating activities	**(1,231,380)**	(396,078)	(112,830)
Net income (loss)	**1,760,713**	1,256,298	(1,055,815)
Net income (loss) per share –basic and diluted	**0.02**	0.02	(0.02)
Total assets	**26,769,329**	17,535,086	14,114,970
Total current liabilities	**6,226,609**	4,174,205	4,734,679
Long-term financial liabilities	**2,062,286**	3,518,691	2,255,666

(1) Please see Use of non-IFRS financial measures

Since its inception in 2016, Nova Leap's service revenues have increased year over year primarily through acquisitions, reaching its first peak in fiscal 2019. COVID-19 began to impact operations late in Q1 2020 and has continued to have an impact on existing US operations through the end of 2021, resulting in a reduction in service revenues (primarily due to caregiver shortages) and Adjusted EBITDA. Nova Leap continued making acquisitions during 2020 and 2021 resulting in an increase in service revenues. However, the continued impact of COVID-19 on existing operations did not allow the Adjusted EBITDA to grow at the same rate.

Agencies owned from the beginning of 2020 experienced a 7.5% decline in revenue and 40.6% decline in Adjusted EBITDA from January 1, 2020 to December 31, 2021. Acquisitions completed in 2020 contributed $0.61 million of revenue and $(0.14) million of Adjusted EBITDA in 2020 and $4.39 million of revenues and $0.29 million of Adjusted EBITDA in 2021. Acquisitions completed in 2021 contributed $1.44 million of revenues and $0.11 million of Adjusted EBITDA in 2021.

Net income for 2020 and 2021 were positively impacted by funds received from COVID-19 related relief programs that was recorded as other income. The impact of COVID-19 relief programs, net of estimated related income taxes, was an increase to the Corporation's net income by $3,975,720 in 2021 and $2,121,169 in 2020.

The year over year growth in total assets has been driven by acquisitions. The increase in current liabilities in 2021 is due to a non-revolving facility of $1,600,000. This is a temporary working capital facility which was put in place for acquisition purposes until the ERC receivable of $1,772,744 is received.

Long-term financial liabilities decreased in 2021 as the convertible debentures that were outstanding in 2020 were converted into common shares of the Corporation during the year.

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 "Outlook", "Corporation Overview", "Operations Overview" and "Nova Leap's Strategy", statements regarding future expansions and cost savings, timing of receipt of Employee Retention Credit ("ERC"), plans regarding future acquisitions and business growth, anticipated annualized revenue, anticipated Adjusted EBITDA, expected recurring client service hours, expectations for future financing activities and intentions relating to the payment of dividends, are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The 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 in 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 Adjusted 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:

- Adjusted EBITDA is calculated as income (loss) from operating activities plus amortization and depreciation and stock-based compensation expense. The most directly comparable IFRS measure is operating income (loss).
- Adjusted Net Income (Loss) is net income (loss) excluding stock-based compensation expense, acquisition related expenses, foreign exchange gains (losses), impairment losses net of estimated related income taxes, severance and other non-recurring costs as well as COVID-19 relief programs income net of estimated related income taxes. The most directly comparable IFRS measure is net income (loss).
- Annualized revenue and annualized Adjusted EBITDA are calculated as actual revenue or Adjusted EBITDA extrapolated from the beginning of the year or date of acquisition over 365 days.

HIGHLIGHTS FOR 2021

Acquisitions

- During 2021, the Corporation completed five home care acquisitions as follows:
  - On December 17, 2021, an acquisition in the South Central region in the United States for total consideration of $1,660,000 consisting of a cash payment on closing of $1,300,000 and the issuance of a promissory note of $360,000 repayable over a three-year period,
  - On December 10, 2021, an acquisition located in Kentucky for total consideration of $4,750,000 consisting of a cash payment on closing of $4,400,000 and the issuance of a promissory note of $350,000 repayable over a two-year period,
  - On December 5, 2021, an acquisition located in the Southeastern region in the United States for total consideration of $550,000 consisting of a cash payment on closing of $475,000 and the issuance of a promissory note of $75,000 repayable over a two-year period,
  - On September 19, 2021, an acquisition located in Oklahoma for total consideration of $1,100,000 consisting of a cash payment on closing of $800,000 and the issuance of a promissory note of $300,000 note repayable over a two-year period, and
  - On July 31, 2021, an acquisition located in Rhode Island for total consideration of $525,000 consisting of a cash payment on closing of $425,000 and the issuance of a promissory note of $100,000 repayable over a two-year period.

Financing

- In November 2021, the Corporation's Schedule 1 Bank authorized the increase of Nova Leap's existing revolving credit facility from CAD$1 million to CAD$1.5 million and issued a non-revolving facility of $1.6 million which can be used for acquisition purposes should funds be required before the ERC is collected. This credit facility was utilized in December 2021 to help fund the recent acquisitions.

- In June 2021, Nova Leap closed a non-brokered private placement, through the issuance of 7,638,888 common shares at a price of CAD$0.72 per share for gross proceeds of $4,535,397 (CAD$5,499,999). The Corporation had share issuance costs related to the private placement of $155,323 (CAD$188,509) for net proceeds of $4,380,074 (CAD$5,311,490).

- During 2021, convertible debentures with a principal amount of $2,464,934 (CAD$3,094,000) and an interest rate of 8% were converted into common shares of the Corporation at a conversion price of CAD$0.52. As a result, convertible debentures decreased by $2,270,235 in 2021 with a corresponding increase in share capital and finance expense decreased by $159,809 during the year ended December 31, 2021.

COVID-19 pandemic update

COVID-19 continues to be widespread throughout the United States, Canada and other parts of the world. As a result, COVID-19 has significantly affected, and continues to affect, the overall economic conditions in the United States and Canada and is expected to for the foreseeable future. It is difficult to predict how long the pandemic will last, how many people are likely to be affected by it or the duration or types of restrictions that will be imposed or re-imposed as the situation is continuously evolving. For these and other reasons, we are unable to predict the long-term impact of the pandemic on our business at this time.

The safety and well-being of Nova Leap's employees and clients remains a top priority. Management is following the guidelines set out by the WHO, the Centers for Disease Control and Prevention, Health Canada, the Province of NS and the states, counties and municipalities in which we operate. We communicate to our agencies and employees all updated policies and procedures related to the pandemic. Policies and procedures related to social distancing, masking and cleaning procedures remain in place as the safety of our clients and employees is essential.

We have taken the following steps to support our employees: implemented up to 14 days of paid leave during any required quarantine periods under the provisions of the Families First Coronavirus Response Act in the US for which the employer costs were subsequently reimbursed by the government; provided bonuses to caregivers in certain jurisdictions and instituted work-from-home arrangements for our corporate and administrative support employees. The safety of our clients has also been a focus and, as a result, we have made the following business changes: developed clinical protocols for proper usage of personal protective equipment ("PPE"), maintaining safety measures; researched each state's vaccination plan to develop a state by state protocol to work with local health departments and other health systems to obtain vaccine appointments for our agency staff; and procured necessary PPE.

Our operations and financial performance for the year ended December 31, 2021 continued to be impacted by COVID-19. The financial impacts of COVID-19 are discussed in further detail under "Results of Operations" and "Segmented Information" below. While we have stabilized since the beginning of 2021, it has been at a lower level of client services hours due to staffing shortages. The uncertainty created by COVID-19 could alter our outlook of the pandemic's impact on our consolidated financial condition, results of operations and cash flows. The following factors could potentially impact our performance: the continued increase or decrease in the number of COVID-19 cases nationwide, the severity and impacts of new variants of the virus, the uncertainty regarding vaccine efficacy, the ability to have access to our patients in their homes and in facilities, cost normalization around PPE and any future or prolonged shelter-in-place orders and other federal, state and local requirements. Potential impacts of COVID-19 on our future results include lower revenue, higher salary and wage expense, staffing shortages, and increased supply costs related to PPE.

Other than the related decrease in cost of services as a result of lower client service hours, Nova Leap has seen very little impact on cost of services as a result of COVID-19, to date. Management expects increases in minimum wage as well as increased pay expectations will impact cost of services in the future. Nova Leap will work to address this through increases in client billing rates, as needed.

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 which have helped reduce the impact of COVID-19 on the Corporation.

A listing of the COVID-19 relief programs impacting results for the three and twelve months ended December 31, 2021 and 2020 are outlined below.

a) Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") contains a business relief provision known as the Employee Retention Credit, a refundable payroll tax credit for qualified wages paid to retain employees. The ERC was originally set to expire on January 1st, 2021 but it was extended following the passage of the Economic Aid Act on December 27, 2020. On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, and further extended the life of the ERC to the 3rd and 4th quarters of 2021 under similar rules that applied for the 1st and

2nd Quarter of 2021. However, the Infrastructure Investment and Jobs Act that was signed into law on November 15, 2021 reversed the American Rescue Plan Act by disallowing the application of the ERC for the fourth quarter of 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. For 2021, the ERC rate per employee was increased to 70% of qualified wages and the wage limit per employee was increased from $10,000 for the year to $10,000 per quarter.

Nova Leap's US operating segment qualified for an ERC of $5,102,258 for the year ended December 31, 2021 which was recognized in Other income in the Consolidated Statement of Income and Comprehensive Income. To date, an amount of $3,329,514 has been received. The timing of collection of the remaining ERC receivable of $1,772,744 is unknown at this time.

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. During the year ended December 31, 2021, the Corporation's Canadian operating segment received $81,456 (CAD$102,672) (December 31, 2020 – $347,655 (CAD$478,396)) from the CEWS program. The CEWS is classified in Other income in the Consolidated Statement of Income and Comprehensive Income.

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 PPP. During 2020, Nova Leap recognized $1,912,154 of these loans in Other income in the Statement of Income and Comprehensive Income as management determined that the criteria for forgiveness had been met. In Q1 2021, management determined the criteria for forgiveness was met for the remaining PPP loans outstanding at December 31, 2020 of $63,446 and this amount was also recognized in Other income in the Consolidated Statement of Income and Comprehensive Income. Confirmation of the forgiveness of all PPP loans has been received.

d) Grants
The State of New Hampshire provided grants to long term care providers operating in the state who saw a decline in gross receipts as a result of COVID-19. During the year ended December 31, 2020, the New Hampshire operations received a grant of $70,531 which was recorded in Other income in the Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2021, the Corporation has recognized directly related payroll expenses of $96,131 (December 31, 2020 – $109,269) in COVID-19 relief programs. The impact of COVID-19 relief programs income, net of estimated related income taxes, increased the Corporation's net income by $(68,736) and $3,975,720 for the three and twelve months ended December 31, 2021 ($1,126,530 and $2,121,169 – three and twelve months ended December 31, 2020).

Financial results for Q4 2021

- Q4 2021 revenues were the highest in the Corporation's history.
- Q4 revenues of $5,910,257 increased by 12.3% relative to Q3 2021 revenues of $5,263,242 and were 31.8% higher than Q4 2020 revenues of $4,483,539.
- The Company had a cash balance of $1,733,442 as of December 31, 2021, as well as full access to the unutilized revolving credit facility of $1,183,152 (CAD$1,500,000).
- Q4 2021 Adjusted EBITDA, which excludes government assistance programs, decreased to a negative $58,894 in Q4 2021 from negative Adjusted EBITDA of $36,515 in Q4 2020 (See calculation of Adjusted EBITDA in "*Segmented Information*" below). The slightly lower Adjusted EBITDA for Q4 2021 as compared to Q4 2020 is a result of the ongoing impact of COVID-19 on existing agencies offset by positive Adjusted EBITDA for new acquisitions.
- The Company reported an Adjusted Net Loss of $234,577 for Q4 2021 as compared to an Adjusted Net Loss of $305,638 for Q3 2021 and an Adjusted Net Income of $719,092 for Q4 2020 (see reconciliation of Adjusted Net Income (Loss) to net income (loss) below. The Adjusted Net Income for Q4 2020 was higher as a result of the initial recognition of a deferred income tax asset of $865,854 related to loss carry forwards.

Reconciliation of non-IFRS measure

	Dec 31, 2021	Sep 30, 2021	June 30, 2021	Mar 31, 2021
	$	$	$	$
Adjusted Net (Loss) Income	(234,577)	(305,638)	(242,804)	(196,132)
Stock-based compensation	(172,190)	(90,460)	(57,931)	(53,822)
Foreign exchange (loss) gain	(79,297)	240,496	(125,209)	(105,876)
Acquisition related expenses	(171,530)	(120,879)	(36,266)	(15,210)
Impairment loss (net of income taxes)	-	-	(447,682)	-
COVID-19 relief programs (net of estimated income taxes)	(68,736)	1,535,865	1,255,362	1,253,229
Net (loss) income	(726,330)	1,259,384	345,470	882,189

	Dec 31, 2020	Sep 30, 2020	June 30, 2020	Mar 31, 2020
	$	$	$	$
Adjusted Net Income (Loss)	719,092	(82,913)	(72,146)	(71,019)
Stock-based compensation	(126,393)	(61,438)	(62,042)	(63,988)
Foreign exchange (loss) gain	(359,434)	(129,186)	(230,060)	480,880
Acquisition related expenses	(123,441)	(55,083)	(22,227)	(2,535)
Severance and other	-	(2,928)	(9,446)	-
Impairment loss (net of income taxes)	-	-	(590,560)	-
COVID-19 relief programs (net of estimated income taxes)	1,126,530	799,321	195,318	-
Net income (loss)	1,236,354	467,773	(791,163)	343,338

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 nineteen 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 and increase Adjusted EBITDA 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 December 31, 2021 and 2020 for the parent company, Nova Leap Health Corp., and home care agencies owned on January 1, 2021 in both the US and Canada, but only the results from operations of the subsidiaries acquired during the reporting periods as follows:

1. Arkansas, for the period from September 21, 2020 onward,
2. Massachusetts, for the period from November 1, 2020, onward,
3. Ohio, for the period from December 27, 2020, onward,
4. Rhode Island, for the period from August 1, 2021, onward and,
5. Oklahoma, for the period from September 20, 2021, onward,
6. South Carolina, for the period from December 6, 2021, onward,
7. Kentucky/Indiana, for the period from December 11, 2021, onward. and
8. Texas, for the period from December 18, 2021, onward.

RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2021

	Three months ended December 31		Years ended December 31	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Revenues				
Service revenues	**5,910,257**	4,483,539	**21,279,083**	17,309,407
Operating expenses				
Cost of service	**3,981,305**	2,992,968	**14,067,940**	11,438,005
	1,928,952	1,490,571	**7,211,143**	5,871,402
Corporate and administrative expenses				
Head office and operations management	**1,464,407**	1,107,631	**5,273,165**	3,818,614
General & administrative	**523,439**	419,455	**1,933,490**	1,590,781
Amortization and depreciation	**218,005**	162,794	**861,464**	544,224
Stock-based compensation	**172,190**	126,393	**374,404**	313,861
	2,378,041	1,816,273	**8,442,523**	6,267,480
Loss from operating activities	**(449,089)**	(325,702)	**(1,231,380)**	(396,078)
Other income (expenses)				
COVID-19 relief programs	**(96,131)**	858,579	**5,151,029**	2,221,071
Finance expense	**(102,579)**	(64,932)	**(401,122)**	(448,122)
Foreign exchange loss	**(79,297)**	(359,434)	**(69,885)**	(199,624)
Acquisition related expenses	**(171,530)**	(123,441)	**(343,885)**	(203,286)
Impairment loss	**-**	-	**(605,682)**	(800,000)
Other income (expense)	**1,638**	(13,079)	**(25,841)**	(48,414)
	(447,899)	297,693	**3,704,614**	521,595
(Loss) Income before income taxes	**(896,988)**	(28,009)	**2,473,234**	125,517
Income taxes				
Deferred income tax (expense) recovery	**(177,242)**	1,039,828	**(550,923)**	1,196,201
Current income tax recovery (expense)	**347,900**	224,535	**(161,598)**	(65,420)
	170,658	1,264,363	**(712,521)**	1,130,781
Net (loss) income	**(726,330)**	1,236,354	**1,760,713**	1,256,298

The Corporation reported a net loss of $726,330 in Q4 2021 as compared to net income of $1,236,354 in Q4 2020. This represents basic loss per share of $0.01 in Q4 2021 as compared to basic income per share of $0.01 in Q4 2020. The Corporation reported net income of $1,760,713 for the year ended December 31, 2021 as compared to $1,256,298 for the year ended December 31, 2020. This represents basic income per share of $0.02 for year ended December 31, 2021 as compared to $0.02 for the year ended December 31, 2020. The following discussion outlines the items that contributed to the change in Net income period over period.

Revenues are billed at an hourly rate specified in client agreements and recognized at the time services are rendered. The increase in revenues of $1.43 million reported for Q4 2021 compared to Q4 2020 is attributable to the impact of five business acquisitions completed in 2021 which contributed $1.19 million of increased revenues and the impact of two business acquisitions completed in Q4 2020 which contributed increased revenues of $0.46 million in Q4 2021. The acquisition revenue was offset by a decrease in revenues of $0.23 million (5.6%) for agencies owned fully for both periods as a result of the impact of COVID-19.

The increase in revenues of $3.97 million reported for the year ended December 31, 2021 compared to 2020 is attributable to the impact of five business acquisitions completed in 2021 which contributed increased revenues of $1.44 million and the impact of three business acquisitions completed in 2020 which contributed higher revenues of $3.77 million in 2021. The revenues for the agencies owned in both periods decreased by 7.5% or $1.24 million as a result of the impact of COVID-19.

The most significant impact of COVID-19 on results relates to a decline in revenue resulting from staffing shortages. We have implemented a focused recruitment and retention plan to drive revenue growth. However, for the past eighteen months enhanced unemployment benefits have suppressed the opportunity to attract this new pool of potential caregivers. For example, in the US, $300 per week enhancement benefit is paid by the federal government on top of the state-provided unemployment insurance. This program ended in September 2021. Ongoing recruitment and retention issues have carried into the later part of 2021 as a result of widespread Omicron variant and the ensuing infection rates and restrictions imposed by various governments.

Cost of services is comprised of hourly employee compensation, related payroll taxes, benefits and workers compensation insurance. The increase for the three and twelve months ended December 31, 2021, is primarily related to increased revenues. As a percentage of revenues, cost of services is relatively consistent period over period.

Gross margin percentage for the three and twelve months ended December 31, 2021 of 32.6% and 33.9% is relatively consistent with the gross margin percentage for the three and twelve months ended December 31, 2020 of 33.2% and 33.9%. Gross margin varies slightly by location and period based on staffing models (use of overtime), billing rates, worker's compensation rates and state specific payroll taxes. Gross margin was negatively impacted in Q4 2021 by an assessment from a workers compensation audit.

Head office and operations management expense includes compensation and benefits for all agency operations management and office staff as well as compensation of officers and directors of Nova Leap and Head Office employees. The quarter-over-quarter increase was primarily a result of the acquisitions since Q3 2020 and the required increase in agency management and office staff. For the twelve months ended December 31, 2021, Head office and operations management expense also increased due to the addition of head office staff, a VP Operations (U.S.) and two new directors to support the growth of the Corporation.

General and administrative expense relates to all advertising, bank charges/credit card processing fees, IT software, hardware and support, insurance, rent and occupancy costs and supplies related to all agency locations and Head Office. It also includes all fees related to running a public company including professional fees, regulatory and transfer agent fees, and investor relations. The quarter-over-quarter increase was primarily a result of the acquisitions since Q3 2020 as well as one-time professional fees as the Corporation scales for growth.

Amortization and depreciation increased for the three and twelve months ended December 31, 2021 primarily as a result of the amortization of customer lists and non-compete agreements relating to the business acquisitions during these periods.

The COVID-19 relief programs increased for the year ended December 31, 2021 due to the ERC program which contributed income of $5,102,258 as discussed above.

Finance expense of $401,122 for the year ended December 31, 2021 decreased from $448,122 for the year ended December 31, 2020 as a result of the elimination of the convertible debentures during this period which resulted in lower interest expense of $159,809 but this was partially offset by the change in the fair value of the contingent consideration of $101,002.

Foreign exchange gains and losses will vary from quarter to quarter based on the period end foreign exchange rates used in the translation of monetary balances in Head Office. These foreign exchanges gains or losses are primarily non-cash. In Q4 2021, foreign exchange losses of $79,297 were recognized due to a decrease of 0.5% in the US dollar as compared to Q3 2021. In Q4 2020, the US dollar had decreased by 4.6% as compared to Q3 2020 resulting in foreign exchange losses of $359,434. For the year ended December 31, 2021, foreign exchange losses decreased to $69,885 as compared to $199,624 for the year ended December 31, 2020 as the US dollar decreased by 0.4% during 2021 as compared to a decrease of 2% for the year ended December 31, 2020.

Acquisition related expenses were higher for the three and twelve months ended December 31, 2021 as compared to the same periods in 2020 due to the increase in the number of acquisitions completed in these periods.

Management conducted its annual goodwill impairment test for the US-NH/VT CGU in Q2 2021. The US-NH/VT CGU is comprised of three acquisitions completed between 2016 and 2018. The largest acquisition in this CGU was a business that was overstaffed and not profitable which required significant rightsizing to achieve profitability. Management understood it would take time to achieve its targeted operating results. While the rightsizing efforts were showing some progress, most notably with the achievement of positive operating income less non-cash amortization and depreciation in 2019, the impact of COVID-19 on operating income resulted in an initial impairment loss of $800,000 for the year ended December 31, 2020.

Operating results continued to trend below forecast for this CGU and management made changes to the business, including new leadership, in an effort to achieve positive adjusted earnings before interest, taxes, depreciation and amortization. Although management's outlook for this business over the long-term remains consistent with its position during the acquisition, the time required for new leadership to integrate and implement plans and the ongoing impact of COVID-19 on the CGU including on-going restrictions, the impact on hiring caregivers and the slow-down of the vaccines uptake and government support programs resulted in a further impairment for the year ended December 31, 2021.

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 2% and a discount rate of 16.9%. Given the ongoing negative operating results for this CGU, the fair value less costs to sell calculation did not support the carrying value of the goodwill and an impairment loss of $605,682 was recognized in Q2 2021.

Income taxes

Income tax recovery (expense) was $170,658 and ($712,521) for the three and twelve months ended December 31, 2021, as compared to $1,264,363 and $1,130,781 for the same periods in 2020. In Q4 2020 there was an initial recognition of a deferred income tax asset related to loss carry forwards of $865,854 as management determined it was probable that the losses would be utilized in the future as a result of tax planning measures implemented in Q4 2020. In 2021, the receipt of ERC funds resulted in approximately $590,000 of income taxes payable of which approximately $410,000 of deferred taxes related to recognized loss carry-forward were used to reduce the amount owing.

Nova Leap's Q4 2021 operating results include the acquisition of five businesses in 2021 and the full quarter impact of two business acquisitions in Q4 2020 which contributed incremental Adjusted EBITDA of $202,730 and incremental income from operating activities of $116,946 (includes amortization and depreciation of $85,785 for Q4 2021). Nova Leap's 2021 operating results include the acquisition of five businesses in 2021 and the full year impact of three business acquisitions in 2020 which contributed incremental Adjusted EBITDA of $536,022 and incremental income from operating activities of $109,176 (includes amortization and depreciation of $426,846 for the year ended December 31, 2021).

SUMMARY OF QUARTERLY RESULTS

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

	Dec 31, 2021	Sep 30, 2021	June 30, 2021	Mar 31, 2021
	$	$	$	$
Revenues	5,910,257	5,263,242	5,085,445	5,020,139
Adjusted Net Loss *(1)*	(234,577)	(305,638)	(242,804)	(196,132)
Net (loss) income	(726,330)	1,259,384	345,470	882,189
Net income per share - basic and diluted	(0.01)	0.02	0.01	0.01
Cash provided by (used in) operating activities	577,145	1,590,738	105,213	(93,182)
	Dec 31, 2020	**Sep 30, 2020**	**June 30, 2020**	**Mar 31, 2020**
	$	$	$	$
Revenues	4,483,539	4,231,326	3,983,402	4,611,140
Adjusted Net Income (Loss) *(1)*	719,092	(82,913)	(72,146)	(71,019)
Net income (loss)	1,236,354	467,773	(791,163)	343,338
Net income (loss) per share - basic and diluted	0.01	0.01	(0.01)	0.01
Cash (used in) provided by operating activities	(144,705)	2,370,159	596,936	189,913

(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. Same agency revenues (agencies owned from January 1, 2020 onward) declined from $4.61 million to $3.98 million (13.6%) between Q1 2020 and Q2 2020 but rebounded back to $4.23 million (6.2%) in Q3 2020. Same agency revenues stayed fairly stable from Q4 2020 until Q3 2021 ranging between $3.85 million and $4.03 million. The Omicron variant became a factor in Q4 2021 resulting in further decline in same agency revenue to $3.62 million approximately 21% below Q1 2020 revenue at the beginning of the pandemic.

Beginning in the later part of 2020, the Corporation continued with its acquisition focus and completed three acquisitions in the last four months of 2020 adding approximately $0.02 million of revenue in Q3 2020 and $0.60 million in Q4 2020. Revenue from these acquisitions contributed approximately $1.1 million of revenue for each quarter in 2021. Five acquisitions were completed in the latter part of 2021 adding $0.25 million of revenue in Q3 2021 and $1.19 million in Q4 2021.

Adjusted Net Income (Loss) was fairly consistent between Q1 2020 and Q3 2020 with lower Adjusted Net Income (Loss) from Q1 2021 to Q4 2021 as the Adjusted EBITDA from acquisitions did not offset the reduction in Adjusted EBITDA for existing agencies (see "*Segmented Information*" below).

Net income has been positively impacted in each quarter from Q2 2020 to Q3 2021 by the recognition of COVID-19 relief programs, net of estimated related income taxes (see "*Reconciliation of non-IFRS measure*" below). The ERC program was discontinued effective September 30, 2021. Therefore, there was no COVID-19 related relief in Q4 and the result was a net loss for the quarter. These programs are discussed in further detail in "*Highlights for 2021 – COVID 19 pandemic update*".

Net income was negatively impacted in Q2 2021 and Q2 2020 as a result of the recognition of a goodwill impairment loss, net of the related deferred income tax recovery, of $447,682 and $590,560, respectively in the US-NH/VT CGU based on indicators of impairment identified during these periods. Net income was negatively impacted in Q4 2021 as a result of higher acquisition costs related to multiple acquisition completed in Q3 and Q4 2021 and weaker operational results as a result of the Omicron variant.

Net income will vary each quarter based on the period end foreign exchange rates due to the translation of US dollar monetary balances to Canadian dollars in Head Office. These foreign exchanges gains or losses are primarily non-cash. In Q3 2021, a foreign exchange gain of $240,496 was recognized due to a 2.8% strengthening of the US dollar relative to the Canadian dollar as compared to Q2 2021. The previous strengthening of the US dollar relative to the Canadian dollar was in Q1 2020 with a 7.2% increase over the previous quarter resulting in a foreign exchange gain of $480,880 in that quarter.

Net income (loss) and Adjusted Net Income (Loss) was higher in Q4 2020 as a result of the initial recognition of a deferred income tax asset related to loss carry forwards of $865,854 as management determined it was probable that the losses would be utilized in the future as a result of tax planning measures implemented in Q4 2020.

Cash provided by operating activities was positively impacted by the receipt of an instalment of the ERC of $1,678,307 in Q3 2021 and $1,651,207 in Q4 2021. A decrease in the net change in non-cash operating working capital of $1,080,835 during Q4 2021 decreased the cash provided by operating activities during that period. This decrease consisted of an increase in Accounts receivable of $335,941 due to higher revenues from acquisitions in Q4 2021, a decrease in deferred payroll liability of $157,001 due to first repayment in December and a decrease in income taxes payable of $353,000 resulting from the net loss in Q4 2021.

Cash provided by operating activities were positively impacted in Q3 2020 by the receipt of PPP loans of $1,975,600. When management determined that the criteria for forgiveness had been met, the PPP loans were recognized in Other income. Accordingly, $1,080,283 of PPP loans was recognized in Other Income in Q3 2020, $831,871 in Q4 2020 and $63,446 in Q1 2021 increasing net income in those periods.

Segmented Information

Management identifies the Group's reportable segments as U.S. operations and Canadian 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 financial reporting, strategic guidance, capital allocation and merger and acquisition services.

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.

Segment information for the reporting period is as follows:

For the year ended December 31, 2021	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**17,143,993**	**4,124,409**	**21,268,402**	**10,681**	**21,279,083**
Cost of services	11,263,496	2,804,444	14,067,940	-	14,067,940
Gross margin	**5,880,497**	**1,319,965**	**7,200,462**	**10,681**	**7,211,143**
Corporate & administrative(1)	4,973,601	803,825	5,777,426	1,429,229	7,206,655
Adjusted EBITDA	**906,896**	**516,140**	**1,423,036**	**(1,418,548)**	**4,488**
Amortization and depreciation	764,085	54,464	818,549	42,915	861,464
Stock-based compensation	13,174	11,728	24,902	349,502	374,404
Segment operating income (loss)	**129,637**	**449,948**	**579,585**	**(1,810,965)**	**(1,231,380)**
Gross margin %	***34.3%***	***32.0%***	***33.9%***	**-**	***33.9%***
Impairment loss	605,682	-	605,682	-	605,682
COVID-19 relief programs income	5,160,704	81,456	5,242,160	(91,131)	5,151,029
Segment assets	**22,037,843**	**3,089,958**	**25,127,801**	**1,641,528**	**26,769,329**

1. *Corporate & administrative includes Head office and operations management and general & administrative expenses.*

For the year ended December 31, 2020	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**13,223,626**	**4,075,196**	**17,298,822**	**10,585**	**17,309,407**
Cost of services	8,584,298	2,853,707	11,438,005	-	11,438,005
Gross margin	**4,639,328**	**1,221,489**	**5,860,817**	**10,585**	**5,871,402**
Corporate & administrative (1)	3,528,840	751,150	4,279,990	1,129,405	5,409,395
Adjusted EBITDA	**1,110,488**	**470,339**	**1,580,827**	**(1,118,820)**	**462,007**
Amortization and depreciation	421,714	69,911	491,625	52,599	544,224
Stock-based compensation	22,375	9,625	32,000	281,861	313,861
Segment operating income (loss)	**666,399**	**390,803**	**1,057,202**	**(1,453,280)**	**(396,078)**
Gross margin %	***35.1%***	***30.0%***	***33.9%***	**-**	***33.9%***
Impairment loss	800,000	-	800,000	-	800,000
COVID-19 relief programs income	1,982,685	347,655	2,330,340	(109,269)	2,221,071
Segment assets	**13,157,672**	**3,398,699**	**16,556,371**	**978,715**	**17,535,086**

1. *Corporate & administrative includes Head office and operations management and general & administrative expenses.*

Nova Leap had positive segment operating income and Adjusted EBITDA in the US and Canada operating segments and positive total Adjusted EBITDA for the year ended December 2021 and 2020.

Nova Leap's acquisitions since Q3 2020 in the US segment have contributed incremental revenues of $5.22 million and positive Adjusted EBITDA of $0.54 million for the year ended December 31, 2021 which more than offset the decline in revenues but only partially offset the decline in Adjusted EBITDA in the remaining operations as a result of the impact of COVID-19. However, COVID-19 relief programs income in 2021 more than offset the decrease in the Adjusted EBITDA and the impairment loss in the NH/VT CGU in the year.

The Canadian segment had a small improvement in revenue and Adjusted EBITDA for 2021 as compared to 2020.

Group Head office Adjusted EBITDA has decreased for 2021 as compared to 2020 due to higher compensation expense for existing staff and new personnel and Directors required for new acquisitions and growth and higher professional fees related to having its shares trade on the OTCQX and securing Depository Trust Company ("DTC") eligibility for its shares. Head office was also impacted by increased insurance costs, higher exchange fees due to a higher market capitalization in 2021 and increased transfer agent fees for the conversion of the convertible debt to common shares.

Segment information for the reporting period is as follows:

For the three months ended December 31, 2021	US $	Canada $	Total Reportable Segments $	Group Head Office $	Total $
Segment revenues	**4,978,859**	**930,584**	**5,909,443**	**814**	**5,910,257**
Cost of services	3,349,495	631,810	3,981,305	-	3,981,305
Gross margin	**1,629,364**	**298,774**	**1,928,138**	**814**	**1,928,952**
Corporate & administrative (1)	1,488,015	198,878	1,686,893	300,953	1,987,846
Adjusted EBITDA	**141,349**	**99,896**	**241,245**	**(300,139)**	**(58,894)**
Amortization and depreciation	197,101	10,941	208,042	9,963	218,005
Stock-based compensation	4,800	8,122	12,922	159,268	172,190
Segment operating income (loss)	**(60,552)**	**80,833**	**20,281**	**(469,370)**	**(449,089)**
Gross margin %	***32.7%***	***32.1%***	***32.6%***	**-**	***32.6%***
COVID-19 relief programs expense	(5,000)	-	-	(91,131)	((96,131))
Segment assets	**13,157,672**	**3,398,699**	**16,556,371**	**978,715**	**17,535,086**

1. *Corporate & administrative includes Head office and operations management and general & administrative expenses.*

	For the three months ended December 31, 2020				
	US	Canada	Total Reportable Segments	Group Head Office	Total
	$	$	$	$	$
Segment revenues	**3,384,483**	**1,096,493**	**4,480,976**	**2,563**	**4,483,539**
Cost of services	2,222,027	770,941	2,992,968	-	2,992,968
Gross margin	**1,162,456**	**325,552**	**1,488,008**	**2,563**	**1,490,571**
Corporate & administrative [(1)]	1,021,571	203,746	1,225,317	301,769	1,527,086
Adjusted EBITDA	**140,885**	**121,806**	**262,691**	**(299,206)**	**(36,515)**
Amortization and depreciation	132,513	16,752	149,265	13,529	162,794
Stock-based compensation	5,406	2,342	7,748	118,645	126,393
Segment operating income (loss)	**2,966**	**102,712**	**105,678**	**(431,380)**	**(325,702)**
Gross margin %	*34.3%*	*29.7%*	*33.2%*	-	*33.2%*
COVID-19 relief programs income	902,402	65,446	967,848	(109,269)	858,579
Segment assets	**13,157,672**	**3,398,699**	**16,556,371**	**978,715**	**17,535,086**

1. *Corporate & administrative includes Head office and operations management and general & administrative expenses.*

Nova Leap had positive Adjusted EBITDA in the US and Canada operating segments for Q4 2021 and Q4 2020 and negative total Adjusted EBITDA and segment operating loss for both periods.

Nova Leap's acquisitions since Q3 2020 in the US segment have contributed incremental revenues of $1.66 million and positive Adjusted EBITDA of $0.20 million in Q4 2021 which more than offset the decline in revenues and offset the decline in Adjusted EBITDA in the remaining operations as a result of the impact of COVID-19.

The Canadian segment was slightly lower in terms of revenue and Adjusted EBITDA for Q4 2021 as compared to the same period in 2020.

Group Head office Adjusted EBITDA in Q4 2021 was consistent as compared to Q4 2020 and segment operating loss was higher in Q4 2021 due to higher stock-based compensation.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

	Three months ended December 31		For the year ended December 31	
	2021	2020	2021	2020
	$	$	$	$
Cash provided by (used in) operating activities	**577,145**	(144,705)	**2,179,914**	3,012,303
Cash used in investing activities	**(6,176,734)**	(1,357,460)	**(7,401,734)**	(1,562,930)
Cash provided by (used in) financing activities	**1,016,206**	(469,255)	**4,330,466**	(325,464)
Effect of foreign exchange rate change on cash and cash equivalents	**(3,441)**	64,206	**(154,049)**	19,725
(Decrease) increase in cash and cash equivalents	**(4,586,824)**	(1,907,214)	**(1,045,403)**	1,143,634

Operating Activities

The Corporation's cash provided by operating activities increased to $577,145 for Q4 2021 from $(144,705) for Q4 2020 due largely to the increase in the receipt of COVID-19 relief programs income in Q4 2021 net of the change in the non-cash operating working capital. The Corporation's US segment received $1,651,207 for the ERC in Q4 2021. Non-cash operating working capital decreased by $1,080,835 since Q3 2021 which includes an increase in accounts receivable of $335,941 due to higher revenues from acquisitions in Q4 2021 and timing of invoicing, a decrease in deferred payroll liability of $157,001 due to the payment of the first instalment in December and a decrease in income taxes payable of $353,000 resulting from the net loss in Q4 2021.

The Corporation's cash provided by operating activities decreased to $2,179,914 for 2021 from $3,012,303 for 2020 due in part to a decrease in Adjusted EBITDA (as discussed in Segmented Information above), higher acquisition related expenses and higher accounts receivable as a result of higher revenues and timing of client billing for acquisitions completed in December 2021 offset by the increase in COVID-19 relief programs income received in 2021.

The operating activities for the three and twelve months ended December 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.

Investing Activities

The Corporation's cash used by investing activities increased to $6,176,734 and $7,401,734 for the three and twelve months ended December 31, 2021, due primarily to the business acquisitions on December 5, 2021 in South Carolina, December 10, 2021 in Kentucky/Indiana and December 17, 2021 in Texas.

Financing Activities

The Corporation's cash provided by financing activities increased to $4,330,466 for the year ended December 31, 2021 due primarily to the issuance of 7,638,888 common shares for net proceeds of $4,380,074 and the proceeds from the issuance of a non-revolving credit facility of $1,600.000. Financing activities for the three and twelve months ended December 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 year ended December 31, 2020, also included proceeds from the issuance of convertible debt of $527,074 and proceeds from the exercise warrants of $942,278.

Liquidity and Capital Resources

The Corporation has cash and cash equivalents of $1,733,442 which combined with non-cash working capital and cash flow projections for the next twelve months is sufficient to support debt servicing costs. Future growth plans will be 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. The plan is to grow the Corporation through acquisitions such that operations will, at a minimum, support all debt financing costs. As discussed above, Nova Leap successfully completed a private placement in Q2 2021 for net proceeds of $4,380,074. The Corporation has no commitments for capital expenditures as of December 31, 2021.

As of December 31, 2021, the Corporation had negative working capital of $264,480. The working capital has been reduced by the full amount of Schedule 1 Canadian bank demand loans of $3,122,672, not the amount due in the next twelve months of $2,484,384, as the demand loans are classified as current liabilities due to their demand feature. The working capital includes an amount receivable related to the ERC of $1,772,744 on December 31, 2021, the timing of receipt of which is unknown at this time. The funds, upon receipt, will be used to repay $1,600,000 of the demand loans shown as current.

The Corporation currently has enough cash and cash equivalents as well as access to an unused revolving credit facility of $1,183,152 (CAD$1,500,000) to meet its contractual obligations including scheduled loan payments for the next year but based on existing situation, additional cash flow for acquisitions and financing could be required to support future operations and to fund significant future acquisitions. Management believes it has the ability to obtain additional capital financing as needed.

Additional potential sources of funding include unexercised stock options. On December 31, 2021, the Corporation had 7,185,000 stock options outstanding at a weighted average exercise price of CAD$0.43 of which 5,390,000 are vested and exercisable at December 31, 2021 at a weighted average exercise price of CAD$0.36. The exercise of all vested and in the money 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 2021, 93,750 stock options were exercised for proceeds of $25,781 (CAD$32,187).

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 include the following related party remuneration expenses:

	Year ended December 31	
	2021	**2020**
	$	**$**
Management compensation	**486,906**	399,121
Directors' fees	**56,362**	57,444
Stock-based compensation	**334,076**	261,064
	877,344	717,629

During the year ended December 31, 2021, the Corporation implemented an Amended and Restated Equity Incentive Plan for Directors, employees and consultants which allows for the issuance of deferred share units ("DSUs"). As permitted under the plan, all the directors have elected to receive their Directors' fees in DSUs effective July 1, 2021. DSU grants will be based on the volume weighted average share price of the Corporation's common shares over the five previous trading days. DSUs cannot be redeemed for shares until the Director retires, resigns or otherwise leaves the Board of Directors. When redeemed, each vested DSU will be redeemed for one Nova Leap common share. During the year ended December 31, 2021, Nova Leap granted 131,785 DSUs to Directors of the Corporation at a weighted average share price of CAD$0.6374. All DSUs were granted under, and are subject to, the terms and conditions of the Corporation's Amended and Restated Equity Incentive Plan.

During the year ended December 31, 2021, convertible debentures of CAD$483,000 held by related parties were converted into common shares of the Corporation at a conversion price of CAD$0.52. For the year ended December 31, 2021, interest of $18,419 (December 31, 2020 – $24,339) was paid to related parties at the prescribed rate in relation to the convertible debentures.

During the year ended December 31, 2021, certain related parties participated in the Corporation's private placement of common shares and subscribed for an aggregate of 323,112 common shares.

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 79,294,807 common shares of the Corporation issued and outstanding, 7,185,000 stock options outstanding and 131,785 DSUs outstanding.

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, 2021**	**December 31, 2020**
	$	$
Cash and cash equivalents	**1,733,442**	2,778,845
Accounts receivable	**2,170,700**	1,407,625
	3,904,142	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 of December 31, 2021, the Group had $103,002 collected for client deposits (December 31, 2020 - $143,112), representing approximately 4.7% of outstanding accounts receivable, billed and accrued (December 31, 2020–10.2%).

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 receivables 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, 2021 for entities owned for the full year and for entities acquired during the year it was based on revenues over the 12 months for the full fiscal year prior to acquisition as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) of the countries in which the clients are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Accounts receivables 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, are 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 $2,067,698 at December 31, 2021 (December 31, 2020 – $1,264,513) with 81% of the balance outstanding for less than 30 days (December 31, 2020 – 78%). Actual specific write-offs of accounts receivable for the year ended December 31, 2021 was $15,652 (December 31, 2020 - $27,905). There was no increase to credit risk identified as a result of the COVID-19 pandemic.

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. This assumes repayment of the USD non-revolving demand loan through the collection of the outstanding ERC receivable and that the maturity date of the non-revolving demand loan will be extended, if required. If collection of the outstanding ERC receivable does not occur, the non-revolving demand loan will be repaid through the Corporation's existing revolving operating facility and cash flows from operations. 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, 2021	< 1 year $	1-2 years $	3-5 years $	> 5 years $
Account payable and accrued liabilities	1,309,384	-	-	-
Income taxes payable	200,000	-	-	-
Client deposits	103,002	-	-	-
Demand loans, principal and interest	2,484,384	491,057	276,268	-
Promissory notes, principal and interest	887,835	830,311	126,000	-
Lease liability, principal and interest	345,334	290,958	491,707	384,751
Contingent consideration	127,697	77,727	63,467	-
Government loans	63,101	-	-	-
Deferred payroll liability	207,833	-	-	-
Total	5,728,570	1,690,053	957,442	384,751

As at December 31, 2020	< 1 year $	1-2 years $	3-5 years $	> 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	-	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:

	December 31, 2021 (CAD) $	December 31, 2020 (CAD) $
Cash and cash equivalents	**901,512**	1,005,575
Accounts receivable	**312,795**	309,752
Accounts payable & accrued liabilities	**(326,874)**	(491,865)
Demand loans	**(547,311)**	(1,089,667)
Promissory notes	**(97,976)**	(218,719)
Lease liability	**(658,961)**	(125,141)
Convertible debentures	**-**	(2,863,850)
Government loans	**(90,540)**	(109,868)
	(507,355)	(3,583,783)

A change of 5.0% in the Canadian dollar exchange rate on December 31, 2021 would affect net income and comprehensive income and deficit by approximately $24,000 (December 31, 2020 - $134,000).

Interest rate sensitivity
As of December 31, 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable

interest rates. An increase or decrease of 1% in interest rates would affect net income and comprehensive income and deficit by approximately $18,000 over the remaining term of the loans (December 31, 2020 - $39,000).

Fair value

All financial assets and liabilities except for the demand loans, promissory notes, contingent consideration and convertible debentures are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the demand loans and promissory notes is disclosed in Notes 8 and 9 to the Consolidated Financial Statements as at December 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.

RISKS AND UNCERTAINTIES

The following information is a summary of certain risk factors relating to the business of the Corporation and its subsidiaries, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A and the documents incorporated by reference herein.

Nova Leap and its subsidiaries are subject to certain risks inherent in the operation of the business. Nova Leap and its subsidiaries manage risk and risk exposures through a combination of management oversight, insurance, systems of internal controls and disclosures and sound operating policies and practices.

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 the COVID-19 Pandemic and External Factors

The COVID-19 pandemic could negatively affect our operations, business and financial condition, and our liquidity could also be negatively impacted, particularly if the U.S. and Canadian economies remain unstable for a significant amount of time.

On January 31, 2020, the Secretary of HHS declared a national public health emergency due to a novel coronavirus. In March 2020, the World Health Organization declared the outbreak of COVID-19, the disease caused by this novel coronavirus, a pandemic. The disease continues to spread throughout the United States, Canada and other parts of the world. The spread of COVID-19 has caused many countries, states/provinces and cities to declare states of emergency or disaster proclamations. State/Provincial and local governments, together with public health officials, have recommended and mandated precautions to mitigate the spread of the virus, including the closure of public facilities and parks, schools, restaurants, many businesses and other locations of public assembly. As a result, COVID-19 continues to affect the overall economic conditions in the United States and Canada where the Corporation operates. Although many of the restrictions have eased, there are no reliable estimates of how long the pandemic will last, how many people are likely to be affected by it or the duration or types of restrictions that will be imposed or re-imposed. For these and other reasons, we are unable to predict the long-term impact of the pandemic on our business at this time.

Relevant authorities have universally designated our services as "essential," exempting our services and providers from many of the restrictions of the orders described above. However, we have experienced staffing shortages which has impacted our ability to schedule and provide services to all of our current or future clients, and we expect that this difficulty will continue for the foreseeable future. As front-line providers of personal care services, our employees that contract COVID-19 could be unable to continue to perform their duties, and we could face litigation if our employees or clients contract COVID-19 while our employees perform their duties. In addition, we have incurred and will continue to incur additional costs related to protecting the health and well-being, and meeting the needs, of our clients and employees as we implement operational changes in response to the pandemic. While the COVID-19 pandemic has not had a negative material effect on our business (primarily as a result of the receipt of government financial assistance to help mitigate the impact of COVID-19 on the Corporation), financial condition and results of operations, the extent of future impact will depend on future developments that cannot be accurately predicted at this time, including the severity and transmission rate of COVID-19, the extent and effectiveness of containment actions taken, the rollout and availability of effective medical treatments and vaccines, and the impact of any variants of the virus.

If general economic conditions deteriorate or remain uncertain for an extended period of time, our liquidity and ability to repay our outstanding debt may be harmed. Furthermore, the COVID-19 pandemic has previously caused disruption in the financial markets and the businesses of financial institutions and may do so again, potentially causing a slowdown in the decision-making of these institutions. This may affect the timing on which we may obtain any additional funding and there can be no assurance that we will be able to raise additional funds on terms acceptable to us, if at all. Additionally, the economic slowdown caused by the COVID-19 pandemic poses significant risks to government budgets for the 2021 and subsequent fiscal years. We cannot determine the impact that COVID-19 may have on government budgets for 2021 or beyond, however, such impacts could have a material adverse effect on our financial condition, results of operations and cash flows.

The foregoing and other continued disruptions to our business as a result of the COVID-19 pandemic could result in an adverse effect on our business, results of operations, financial condition, liquidity, cash flows and our ability to service our indebtedness. Furthermore, the COVID-19 pandemic could heighten the risks in certain of the other risk factors described in this MD&A.

Risks Related to Ownership of Nova Leap Shares

Market Price of the Common Shares
The Common Shares are currently listed and posted for trading on the TSXV. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in cost of services, or in the financial condition or results of operations of the Corporation. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the Common Shares include the following: the extent of analyst coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation’s securities; lessening in trading volume and general market interest in the Corporation’s securities may affect an investor’s ability to trade significant numbers of the Common Shares; the size of the Corporation’s public float may limit the ability of some institutions to invest in the Corporation’s securities; a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Corporation’s securities to be delisted from an exchange on which they are listed, further reducing market liquidity; adverse changes in general market or industry conditions or economic trends; the COVID-19 pandemic, or a variety of other factors.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Corporation. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management’s attention and resources.

Future Sales of Shares by Shareholders
Sales of a large number of the Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation’s ability to raise capital through future sales of the Common Shares. The Corporation cannot predict the effect that future sales of Common Shares or other equity related securities would have on the market price of the Common Shares.

Dilution
The Corporation may require additional funds in respect of the further development of the Corporation’s business. If the Corporation raises funds by issuing additional Common Shares or other equity securities, such financing will dilute the equity interests of its shareholders.

Dividends
The Corporation has never declared or paid any dividends on its Common Shares. The Corporation intends, for the foreseeable future, to retain its future earnings, if any, to finance our business activities. The payment of future dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund business activities, development and growth, restrictions under the Corporation’s debt agreements and other factors that the Board may consider appropriate in the circumstances.

Risks Related to Growth Strategy

Our growth strategy depends on our ability to manage growing and effectively integrating operations and we may not be successful in managing this growth.
Our business plan calls for significant growth in our business over the foreseeable future through the expansion of our services in existing markets and the establishment of a presence in new markets. This growth has placed and continues to place significant demands on our management team, systems, internal controls and financial and professional resources. In addition, we will need to further develop our financial controls and reporting systems to accommodate our growth. This could require us to incur expenses for hiring additional qualified personnel, retaining professionals to assist in developing the appropriate control systems and expanding our information technology infrastructure. Our inability to effectively manage growth could have a material adverse effect on our financial results.

Previously completed or future acquisitions, or growth initiatives, may be unsuccessful and could expose us to unforeseen liabilities.
Our growth strategy includes geographical expansion into new markets and existing markets through the acquisition of home care agencies. These acquisitions involve significant risks and uncertainties, including difficulties assimilating acquired personnel and other corporate cultures into our business, the potential loss of key employees or clients, regulatory risks, the assumption of liabilities, exposure to unforeseen liabilities of acquired agencies, and the diversion of the management team's attention.

In the past, we have made acquisitions that have not performed as expected. In addition, our due diligence review of acquired businesses may not successfully identify all potential issues. Further, following completion of an acquisition, we may not be able to maintain the growth rate, levels of revenue, earnings or operating efficiency that we and the acquired business have achieved or might achieve separately. COVID-19 has not caused a significant impact on the Corporation seeking out and pursuing acquisition opportunities, although we are doing so with additional caution and diligence due to COVID-19 considerations. The failure to effectively integrate future acquisitions could have a material adverse impact on our operations.

We may in the future selectively open new agencies in existing and new states. New agency locations involve risks, including those relating to licensing, hiring new personnel, and establishing relationships with referral sources. We may not be successful in generating sufficient business activity to sustain the operating costs of such new agency operations.

We may be unable to pursue acquisitions or expand into new geographic regions without obtaining additional capital or consent from our lenders.

We believe that future bank borrowings will be based on a multiple of an Adjusted EBITDA or cash flow ratio. An inability to produce sufficient Adjusted EBITDA to support debt repayments could cause an inability of the Corporation to achieve additional bank financing. We cannot predict the timing, size and success of our acquisition efforts, our efforts to expand into new geographic regions or the associated capital commitments. If we do not have sufficient cash resources or availability through additional bank financing, our growth could be limited unless we obtain additional equity or debt financing. In the future, we may elect to issue additional equity securities in conjunction with raising capital, completing an acquisition or expanding into a new geographic region. Such issuances could be dilutive to existing shareholders.

In addition, our ability under our credit facility to consummate acquisitions is subject to approval by our lender. Our ability to expand in a manner consistent with historic practices may be limited if we are unable to obtain such consent from our lenders.

Risks Related to Operations

Limited History of Operations
The Corporation has a limited history of operations. There can be no assurance that the business of the Corporation and/or its subsidiaries will be successful and generate, or maintain, any profit.

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.

Renewal of Home Care Licenses
There are licensing requirements in the States of New Hampshire, Rhode Island and Oklahoma to provide home care or home health care services and there may be similar licensing requirements in other jurisdictions to which the Corporation expands its operations. 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.

Our industry is highly competitive, fragmented and market-specific
We compete with other personal care service agencies, including privately held single-site agencies as well as franchises and private caregivers including family members. Some of our competitors may have greater financial, technical, political and marketing resources, name recognition or a larger number of clients than we do. In addition, some of these organizations offer more services than we do in the markets in which we operate. These competitive advantages may limit our ability to attract and retain referrals in local markets and to increase our overall market share.

In many states and provinces, there are limited barriers to entry in providing personal care services. However, some states require entities to obtain a license before providing home care services. In addition, economic changes such as increases in minimum wage and changes in Department of Labor rules can also impact the ease of entry into a market. These factors may affect competition in the states in which we operate.

Our agreements with clients are not exclusive and there is no cost of cancellation of services. Local competitors may develop strategic relationships with referral sources and payors. This could result in pricing pressures, loss of or failure to gain market share or loss of clients, any of which could harm our business. And a negative impact on our results of operations.

United States Operations and Exchange Rate Fluctuations
The Corporation conducts many of its operations through its United States subsidiaries. Therefore, to the extent of these holdings, the Corporation (directly and indirectly) is dependent on the cash flows of these subsidiaries to meet its obligations. The ability of such subsidiaries to make payments to their parent companies may be constrained by the following factors: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which each subsidiary operates; and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

In the past, the Corporation has financed acquisitions of US businesses in part by obtaining U.S. denominated loans that could then be serviced and repaid from anticipated future US earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, a substantial portion of Nova Leap's revenue and cash flows are now, and are expected to continue to be, generated in US dollars. Fluctuations in exchange rates between the Canadian dollar and the US dollar may have a material adverse effect on the Corporation's reported earnings and cash flows and its ability to make future Canadian dollar cash dividends. Fluctuations in the exchange rates between the Canadian dollar and the U.S. currency may also have a material adverse effect on Nova Leap's share price. To reduce volatility from exchange rates, Nova Leap reports results in USD. The Corporation will continue to maintain cash balances in both United States and Canadian dollars, but management does not currently anticipate that it will purchase any securities or financial instruments to speculate on or hedge against a rise or fall in the value of the United States dollar.

If we were required to write down all or part of our goodwill and/or our intangible assets, our net earnings and net worth could be materially adversely affected.
Goodwill and intangible assets with finite lives represent a significant portion of our assets. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. For example, if our market capitalization drops significantly below the amount of net equity recorded on our balance sheet, it might indicate a decline in our fair value and would require us to further evaluate whether our goodwill has been impaired.

If as part of our annual review of goodwill and intangibles, we were required to write down all or a significant part of our goodwill and/or intangible assets, our net earnings and net worth could be materially adversely affected, which could affect our flexibility to obtain additional financing. In addition, if our assumptions used in preparing our valuations for purposes of impairment testing differ materially from actual future results, we may record impairment charges in the future and our financial results may be materially adversely affected. We had an impairment charge of $605,682 and $800,000 for the twelve months ended December 31, 2021 and 2020, respectively for one CGU that has not performed according to forecasts and expectations from the time of acquisition.

It is not possible at this time to determine if there will be any future impairment charges, or if there is, whether such charges would be material. We will continue to review our goodwill and other intangible assets for possible impairment. We cannot be certain that a downturn in our business or changes in market conditions will not result in an impairment of goodwill or other intangible assets and the recognition of resulting expenses in future periods, which could adversely affect our results of operations for those periods.

Liability Risks

Government Regulation and Tax Risk
Nova Leap and its subsidiaries are subject to various federal, state, provincial, and local laws, regulations and taxation authorities. Various federal, state, provincial and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing Nova Leap or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on the Corporation. Nova Leap utilizes the services of professional advisors in the areas of taxation, labour and general business law to mitigate the risk of non-compliance. Failure to comply with the applicable laws, regulations or tax changes may subject the Corporation to civil or regulatory proceedings and no assurance can be given that this will not have a material impact on financial results.

Our insurance liability coverage may not be sufficient for our business needs.
Although Nova Leap maintains insurance consistent with industry practice, the insurance we maintain may not be sufficient to satisfy all claims made against us. We cannot assure you that claims will not be made in the future in excess of the limits of our insurance, and any such claims, if successful and in excess of such limits, may have a material adverse effect on our business or assets. If losses on asserted claims exceed the current insurance coverage and accrued reserves, our business, results of operations and financial condition could be adversely affected. Changes in our annual insurance costs depend in large part on the insurance market, and insurance coverage may not continue to be available to us at commercially reasonable rates, in adequate amounts or on satisfactory terms.

Nova Leap maintains insurance consistent with industry practice including general liability, property and automobile as well as worker's compensation insurance, through insurance policies with insurance carriers located in the US and Canada. Nova Leap also insures its directors and officers against liabilities arising from errors, omissions and wrongful acts. Management uses its knowledge, as well as the knowledge of experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect Nova Leap and its subsidiaries from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

We may have exposure to unforeseen tax liabilities.
We are subject to income taxes, as well as non-income based taxes (such as payroll taxes), in the United States and Canada and our tax structure is subject to review by numerous taxation authorities. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many inter-company transactions and calculations where the ultimate tax determination is uncertain. Although we strive to ensure that our tax estimates and filing positions are reasonable, we cannot assure you that the final determination of any tax audits and litigation will not be different from what is reflected in our historical income tax provisions and accruals, and any such differences may materially affect our operating results for the affected period or periods.

We also have exposure to additional non-income tax liabilities. We are subject to non-income taxes, such as payroll, taxes in the United States and Canada.

Data Security and Privacy Risks

Our business depends on our information systems. Our operations may be disrupted if we are unable to effectively integrate, manage and maintain the security of our information systems.
Our business depends on effective and secure information systems that assist us in, among other things, gathering information to improve the quality of consumer care, optimizing financial performance, and enhancing staff efficiency. Our business also depends on a comprehensive payroll and human resources system for basic payroll functions and reporting, payroll tax reporting and benefits tracking and offerings. Our business supports the use of Electronic Visit Verification ("EVV") to collect visit submission information through our delivery of home care services. Our solution, when used to its full functionality, uses telephony to capture time in and time out, mileage and travel time, as well as the completed care plan tasks.

We rely on external service providers to provide continual maintenance, upgrading, and enhancement of our primary information systems used for our operational needs. To the extent providers fail to support the software or systems, or if we lose our licenses, our operations could be negatively affected.

The COVID-19 pandemic also has led to an increase in administrative employees working remotely and, consequently, accessing our system remotely. As a result, we are more dependent on our systems that facilitate remote access and potentially could experience increased risks.

If we experience a reduction in the performance, reliability, or availability of our information systems, our operations and ability to process transactions and produce timely and accurate reports could be adversely affected. If we experience difficulties with the transition and integration of information systems or are unable to implement, maintain, or expand our systems properly, we could suffer from, among other things, operational disruptions, regulatory problems, and increases in administrative expenses.

A cyber-attack or security breach could cause a loss of confidential client or employee data, give rise to remediation and other expenses, expose us to liability under HIPAA/PIPEDA, consumer protection laws, common law and other legal theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business.

We rely extensively on computer systems to manage clinical and financial data, to communicate with our clients, employees, payors (VA or insurance companies), vendors and other third parties, and to summarize and analyze our operating results. We at times exchange clinical and financial data with third parties in connection with our routine operations and in order to meet our contractual and regulatory obligations. We are required to comply with the federal and state privacy and security laws and requirements, including the Health Insurance Portability and Accountability Act ("HIPAA").

In spite of our policies, procedures and other security measures used to protect our computer systems and data, we could (but have not to date) experience breaches that would require us to notify affected clients or employees and the government. There can be no assurance that we will not be subject to cyber-attacks or security breaches in the future. Such attacks or breaches could result in loss of protected client medical data or other information subject to privacy laws or disrupt our information technology systems or business.

In addition, COVID-19 may have an adverse impact on our information technology systems and our ability to securely preserve confidential information, including risks associated with telecommuting issues associated with our employees working remotely. If our privacy and security practices fail to comply with HIPAA and other applicable privacy and security laws and/or if we fail to satisfy applicable breach notification requirements in the event of a security breach, we could be subject to significant fines, penalties, lawsuits and reputational harm. In addition, we may be at increased risk because we outsource certain services or functions to, or have systems that interface with, third parties. Some of these third parties may store or have access to our data and may not have effective controls, processes, or practices to protect our information from attack, damage, or unauthorized access. A breach or attack, including those caused by updates and other releases, affecting any of these third parties could harm our business.

Human Capital Risks

We may not be able to attract and retain qualified personnel or we may incur increased costs in doing so.

We must attract and retain qualified non-executive personnel in the markets in which we operate in order to provide our services. We compete for personnel with other providers of social and medical services as well as companies in other service-based industries. Increased competition for trained personnel or general inflationary pressures may require that we enhance our pay and benefits packages to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge for our services. An increase in personnel costs could negatively impact our business. In addition, if we fail to attract and retain qualified and skilled personnel, our ability to conduct our business operations effectively would be harmed.

Competition may be greater for managers, such as regional and agency directors. Our ability to attract and retain personnel depends on several factors, including our ability to provide employees with attractive assignments and competitive benefits and salaries. The loss of one or more of the members of the management team or the inability of a new management team to successfully execute our strategies may adversely affect our business. If we are unable to attract and retain qualified personnel, we may be unable to provide our services, the quality of our services may decline, and we could lose clients and referral sources.

With the widespread adverse impacts of the COVID-19 pandemic on the hospitality and other labor-intensive industries, we continue to believe we will have an opportunity to increase our hiring of new caregivers in the long term. However, in the near term, the enhanced unemployment benefits offered by several states have suppressed the opportunity to attract this new pool of potential caregivers in these states.

We depend on the services of our executive team members.
Our success depends upon the continued employment of certain members of our executive team to manage several of our key functional areas, including operations, business development, accounting, finance, human resources, marketing, information systems, and compliance. The departure of certain members of our executive team may materially adversely affect our operations.

General Risks

Inclement weather, natural disasters, acts of terrorism, pandemics, riots, civil insurrection or social unrest, looting, protests, strikes or street demonstrations may impact our ability to provide services.
Inclement weather, natural disasters, acts of terrorism, pandemics, riots, civil insurrection or social unrest, looting, protests, strikes or street demonstrations may prevent our employees from providing services to clients. Furthermore, prolonged disruptions as a result of such events in the markets in which we operate could disrupt our relationships with clients, caregivers and employees and referral sources located in affected areas and, in the case of our corporate office, our ability to provide administrative support services, including billing and payroll services. For example, most of our agencies are located in the North-eastern US or Canada, with exposure to blizzards and other major snowstorms, ice storms, hurricanes and flooding. The impact of disasters and similar events is inherently uncertain. Future inclement weather, natural disasters, acts of terrorism, pandemics, riots, civil insurrection or social unrest, looting, protests, strikes or street demonstrations may adversely affect our reputation, business and consolidated financial condition, results of operations and cash flows.

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

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

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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

Nature of the Securities

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

Approval

Dated March 10, 2022