



Nova Leap Health Corp.

**Management Discussion & Analysis
For the year ended December 31, 2024**

NOVA LEAP HEALTH CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 6, 2025 and provides an analysis of the Corporation’s operations for the years ended December 31, 2024 and 2023. This MD&A should be read in conjunction with the Consolidated Financial Statements for the years ended December 31, 2024 and 2023 which have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”). 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 Data Analysis and Retrieval (“SEDAR+”) at www.sedarplus.com under the Corporation’s profile. The common shares of Nova Leap are traded on the TSX Venture Exchange under the symbol “NLH” and the over-the-counter market (OTCQX) in the United States under the symbol “NVLPF”.

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 ten different states within the New England, Southeastern, South Central and Midwest regions of the U.S. 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 hospices.

Nova Leap's post acquisition organic growth strategy is to increase adjusted annual earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”, see definition in *Use of Non-IFRS and Other Financial Measures*) 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.

DATES OF ACQUISITION

The operating results include the results of operations for the periods ended December 31, 2024 and 2023 for Nova Leap and its subsidiaries owned on January 1, 2023 in both the US and Canada, but only the results from operations of the subsidiaries acquired during the reporting periods as follows:

1. Massachusetts, for the period from May 3, 2024, onward,
2. Florida, for the period from December 14, 2024, onward,

SELECTED ANNUAL FINANCIAL INFORMATION

| | 2024 \$ | 2023 \$ | 2022 \$ |
|---|-------------------|-------------|-------------|
| Service revenues | 25,760,606 | 26,179,025 | 28,205,104 |
| Income (loss) from operating activities | 863,712 | 460,152 | (1,062,110) |
| Add: Amortization and depreciation | 583,695 | 885,111 | 1,355,920 |
| Add: Stock-based compensation | 114,354 | 132,308 | 364,512 |
| Adjusted EBITDA⁽¹⁾ | 1,561,761 | 1,477,571 | 658,322 |
| Net income (loss) | 1,378,468 | (1,054,681) | (835,745) |
| Net income (loss) per share –basic and diluted | 0.02 | (0.01) | (0.01) |
| Total assets | 22,388,300 | 20,895,727 | 23,948,563 |
| Total current liabilities | 3,235,917 | 1,784,900 | 3,988,437 |
| Long-term financial liabilities | 903,447 | 914,056 | 1,278,205 |

(1) Please see Use of Non-IFRS and Other Financial Measures

USE OF NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A contains references to certain measures that do not have a standardized meaning under IFRS Accounting Standards as prescribed by the International Accounting Standards Board 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 Accounting Standards. The Corporation presents non-IFRS financial measures, specifically Adjusted EBITDA (as such term is hereinafter defined). The Corporation believes these measures are frequently used by lenders, securities analysts, investors and other interested parties as a measure 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 definition of its non-IFRS measure is as follows:

- Adjusted EBITDA is calculated as income from operating activities plus amortization and depreciation and stock-based compensation expense. The most directly comparable IFRS measure is income from operating activities.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements or information (collectively, “forward-looking statements”). Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “will”, “should”, “could”, “expects”, “anticipates”, “believes”, “estimates”, “intends”, “plans”, “projects”, “predicts”, “targets”, “potential”, “continue”, “goals”, “objective” and “outlook”), including statements regarding Nova Leap’s business objectives and strategies, including those described under the headings “*Corporation Overview*”, “*Operations Overview*” and “*Nova Leap’s Strategy*”, statements regarding future expansions and cost savings, plans regarding future acquisitions and business growth, expected recurring client service hours, expected cash flow projections, 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, 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 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+.

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.

HIGHLIGHTS FOR 2024

- During the year, the Corporation amended its existing credit agreement with a Schedule 1 Canadian bank, to provide up to an additional \$7,000,000 of available credit to support its long-term growth strategy. The facility consists of non-readvanceable demand lines, available as CAD prime and USD base rate loans as well as fixed rate loans determined at the time of borrowing, in addition to the Corporation's existing facilities for working capital and day-to-day operating needs.
- On May 3, 2024, the Corporation acquired a home care business located in Massachusetts. The acquisition was for total consideration of \$300,000 of which \$250,000 was payable with cash on closing and \$50,000 by way of a promissory note repayable over a two-year period. The cash paid on closing was financed through existing cash and cash equivalent balances.
- On December 14, 2024, the Corporation acquired a home care business located in Florida. The acquisition was for total consideration of \$1,636,000 of which \$1,316,000 was payable with cash on closing and \$320,000 by way of a promissory note repayable over a three-year period. The cash paid on closing was financed through a non-readvanceable demand line on the Corporation's amended credit agreement. The acquisition was a non-arm's length transaction pursuant to TSX Venture Exchange policies as the business was previously controlled by a Director of Nova Leap. The acquisition was approved by written consent of disinterested shareholders of the Company under TSX Venture policies.
- Annual revenues for 2024 were \$25,760,606, a decrease of \$418,419 or 1.6% over 2023.
- Gross profit margin as a percentage of revenues increased to 38.4% in 2024 from 37.3% in 2023.
- 2024 Adjusted EBITDA of \$1,561,761 was the highest in the Corporation's history and increased by \$81,190 or 5.7% over 2023 Adjusted EBITDA of \$1,477,571 (See calculation of Adjusted EBITDA in "*Segmented Information*" below).
- Income from operating activities increased to \$863,712 in 2024 from \$406,152 in 2023. The improvement year-over-year was due to the increase in gross profit margin and a decrease in amortization and depreciation expense.
- Net income was \$1,378,468 for the year ended December 31, 2024, as compared to a loss of \$1,054,681 in 2023. The increase in income in 2024 is a result of higher income from operating activities and increased foreign exchange gains recognized as compared to foreign exchange losses recognized in 2023. Net loss for the year ended December 31, 2023 included \$1,502,562 in impairment losses.
- The Corporation had cash and cash equivalents of \$1,402,767 as of December 31, 2024, as well as full access to the unutilized revolving credit facility of \$1,042,463 (CAD\$1,500,000). Cash and cash equivalents increased by \$508,002 for the year ended December 31, 2024.
- The Corporation had total demand loans and promissory notes outstanding as of December 31, 2024 of \$1,664,067, representing a leverage ratio of 1.07 times to 2024 Adjusted EBITDA of \$1,561,761.

Financial results for Q4 2024

- Q4 2024 revenues of \$6,585,825 were consistent with Q4 2023 revenues of \$6,551,865. Q4 2024 revenues increased by \$179,297 relative to Q3 2024 revenues of \$6,406,528.
- Gross profit margin percentage was 39.1% in Q4 2024 as compared to 39.8% in Q4 2023 and 38.0% in Q3 2024.
- Q4 2024 Adjusted EBITDA was \$412,947 as compared to \$571,270 in Q4 2023 and \$379,116 in Q3 2024.
- Q4 2024 Income from operating activities was \$221,184 as compared to income from operating activities of \$317,874 in Q4 2023.
- Net income in Q4 2024 was \$886,268 as compared to a net loss of \$954,657 in Q4 2023.

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 programs or government programs such as Medicare or the Department of Veteran Affairs. The Corporation has completed twenty-one 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.

RESULTS OF OPERATIONS

| | Three months ended December 31 | | Years ended December 31 | |
|--|--------------------------------|--------------------|-------------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| Revenues | | | | |
| Service revenues | 6,585,825 | 6,551,865 | 25,760,606 | 26,179,025 |
| Operating expenses | | | | |
| Cost of service | 4,011,455 | 3,943,551 | 15,873,678 | 16,410,647 |
| | 2,574,370 | 2,608,314 | 9,886,928 | 9,768,378 |
| Corporate and administrative expenses | | | | |
| Head office and operations management | 1,512,027 | 1,530,732 | 6,098,903 | 6,196,390 |
| General & administrative | 649,396 | 506,312 | 2,226,264 | 2,094,417 |
| Amortization and depreciation | 148,358 | 189,662 | 583,695 | 885,111 |
| Stock-based compensation | 43,405 | 63,734 | 114,354 | 132,308 |
| | 2,353,186 | 2,290,440 | 9,023,216 | 9,308,226 |
| Income from operating activities | 221,184 | 317,874 | 863,712 | 460,152 |
| Other income (expenses) | | | | |
| Finance expense | (45,242) | (13,003) | (106,856) | (144,748) |
| Forgiveness of government loans | - | - | 29,544 | - |
| Foreign exchange gain (loss) | 997,980 | (357,449) | 1,308,375 | (404,484) |
| Litigation settlement gain | - | - | - | 352,789 |
| Acquisition related expenses | (86,266) | - | (257,267) | (105,793) |
| Impairment loss | - | (1,151,995) | - | (1,502,562) |
| Other expenses | (6,600) | (6,230) | (25,498) | (21,348) |
| | 859,872 | (1,528,677) | 948,298 | (1,826,146) |
| Income (loss) before income taxes | 1,081,056 | (1,210,803) | 1,812,010 | (1,365,994) |
| Income taxes | | | | |
| Deferred income tax (expense) recovery | (111,577) | 263,532 | (320,706) | 356,905 |
| Current income tax expense | (83,211) | (7,386) | (112,836) | (45,592) |
| | (194,788) | 256,146 | (433,542) | 311,313 |
| Net income (loss) | 886,268 | (954,657) | 1,378,468 | (1,054,681) |
| Net income (loss) per share – basic and diluted | \$0.01 | \$(0.01) | \$0.02 | \$(0.01) |

The Corporation recorded net income of \$886,268 and \$1,378,468 for the three and twelve months ended December 31, 2024 as compared to net loss of \$954,657 and \$1,054,681 for the three and twelve months ended December 31, 2023. The following is a discussion of the items that contributed to the change in net income period over period.

Nova Leap's operating results for the three and twelve months ended December 31, 2024 include the acquisition of two businesses in 2024 which contributed incremental Adjusted EBITDA of \$40,745 and \$58,159 and incremental income from operating activities of \$30,737 and \$31,199 (includes amortization and depreciation of \$10,008 and \$26,960).

Revenues

Revenues are billed at the hourly rates specified in client agreements and are recognized at the time services are rendered. Revenues for the three months ended December 31, 2024 were consistent with the same period in the previous year. Revenues for the year ended December 31, 2024 decreased by \$418,419 or 1.6% as compared to the year ended December 31, 2023. Two business acquisitions completed in 2024 contributed \$0.76 million of increased revenues. The acquisition revenue was offset by a decrease in revenues of \$1.18 million for agencies owned fully for both periods.

Cost of Services and Gross Margin

Cost of services is comprised of hourly employee compensation, related payroll taxes, benefits and workers compensation insurance. The decrease for the year ended December 31, 2024 is primarily related to decreased revenues.

Gross margin percentage decreased to 39.1% in Q4 2024 from 39.8% in Q4 2023 and increased to 38.4% for the year ended December 31, 2024 from 37.3% for the year ended December 31, 2023 due in part to billing rate increases and a reduction in worker's compensation premiums. Gross margin varies slightly by location and period based on staffing models (use of overtime), billing rates, paid holidays, workers' compensation rates and state specific payroll taxes.

Corporate and administrative expenses

Head office and operations management expenses include total compensation for all home care agency office staff as well as total compensation of Head Office employees and directors of the Board. Head office and operations management expenses decreased by 1.6% for the year ended December 31, 2024 as compared to the same period in 2023 in part due to management's continued efforts to streamline operations, partially offset by incremental costs related to home care agencies acquired in the current year.

General and administrative expenses relate 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 and year-over-year increases were partially due to incremental costs related to home care agencies acquired in the current year.

Amortization and depreciation decreased in the three and twelve months ended December 31, 2024 primarily due to a reduced rate of amortization of customer lists and non-compete agreements relating to the five business acquisitions in 2021, partially offset by the impact of business acquisitions in 2024.

Other income and other expenses

Finance expense decreased to \$106,856 for the year ended December 31, 2024 as compared to \$144,748 in 2023. Prior to the Florida business acquisition in Q4, the Corporation did not have any debt outstanding in 2024 as all outstanding demand loans were repaid in 2023.

Foreign exchange gains and losses relate primarily to the translation of monetary balances in Head Office and are mostly unrealized and non-cash. Foreign exchange gains and losses will vary from period to period based on the period end foreign exchange rates. In Q4 2024, foreign exchange gains of \$997,980 were recognized due to an increase of 6.6% in the US dollar as compared to Q3 2024. For the year ended December 31, 2024, foreign exchange gains of \$1,308,375 were recognized as the US dollar increased by 8.8% as compared to December 31, 2023. For the year ended December 31, 2023, foreign exchange losses of \$404,484 were due to a decrease in the US dollar exchange rate of 2.3% at December 31, 2023 as compared to the exchange rate at December 31, 2022.

The litigation settlement gain of \$352,789 for the year ended December 31, 2023 related to the settlement of litigation previously initiated in 2022.

Goodwill impairment losses of \$1,151,995 and \$1,502,562 for the three and twelve months ended December 31, 2023 were recorded in the US-RI CGU.

Acquisition related expenses were \$86,266 and \$257,267 for the three and twelve months ended December 31, 2024 and relate to the acquisition of a home care business in Massachusetts completed in Q2 2024, the acquisition of a home care business in Florida completed in Q4 2024, and the acquisition of two affiliated home care service companies in Nova Scotia completed in Q1 2025.

Income taxes

Nova Leap's combined statutory income tax rate is comprised of a blended federal and provincial corporate income tax rate of 29% (2023 – 29%) in Canada and a blended federal and state corporate income tax rate of 24.98% (2023 – 25.17%) in the United States, based on the locations where the Group operates. Nova Leap's effective tax rates are higher than the combined statutory income tax rates as stock-based compensation is not deductible, and the majority of Nova Leap's foreign exchange gains and losses are not taxable, for income tax purposes. Income tax expense was \$183,912 and \$433,542 for the three and twelve months ended December 31, 2024 relating to positive net income before tax, compared to a recovery of \$256,146 and \$311,313 for the same periods in 2023 relating to losses recognized in 2023.

At December 31, 2024, Nova Leap has non-capital income tax losses of \$34,536 (CAD\$49,694) available to reduce future taxable income in Canada and \$3,072,325 available to reduce future taxable income in the United States.

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 three months ended December 31, 2024 | | | | | |
|---|------------------|----------------|---------------------------------|----------------------|------------------|
| | US | Canada | Total Reportable Segments | Group Head Office | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Segment revenues | 5,616,462 | 966,958 | 6,583,420 | 2,405 | 6,585,825 |
| Cost of services | 3,367,246 | 644,209 | 4,011,455 | - | 4,011,455 |
| | 2,249,216 | 322,749 | 2,571,965 | 2,405 | 2,574,370 |
| Corporate & administrative ⁽¹⁾ | 1,586,505 | 191,568 | 1,778,072 | 383,350 | 2,161,423 |
| Adjusted EBITDA | 662,711 | 131,181 | 793,892 | (380,945) | 412,947 |
| Amortization and depreciation | 120,691 | 11,751 | 132,442 | 15,916 | 148,358 |
| Stock-based compensation | 3,764 | 2,801 | 6,565 | 36,840 | 43,405 |
| Segment operating income (loss) | 538,256 | 116,629 | 654,885 | (433,701) | 221,184 |
| Gross margin % | 40.0% | 33.4% | 39.1% | 100.0% | 39.1% |

| | | | | | |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|
| Segment assets | 18,834,244 | 2,645,003 | 21,479,247 | 909,053 | 22,388,300 |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|

| For the three months ended December 31, 2023 | | | | | |
|---|-------------------|------------------|---------------------------------|----------------------|-------------------|
| | US | Canada | Total Reportable Segments | Group Head Office | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Segment revenues | 5,680,502 | 868,982 | 6,549,484 | 2,381 | 6,551,865 |
| Cost of services | 3,334,764 | 608,787 | 3,943,551 | - | 3,943,551 |
| Gross margin | 2,345,738 | 260,195 | 2,605,933 | 2,381 | 2,608,314 |
| Corporate & administrative ⁽¹⁾ | 1,512,611 | 188,300 | 1,700,911 | 336,133 | 2,037,044 |
| Adjusted EBITDA | 833,127 | 71,895 | 905,022 | (333,752) | 571,270 |
| Amortization and depreciation | 161,252 | 12,066 | 173,317 | 16,344 | 189,662 |
| Stock-based compensation | 6,685 | 4,425 | 11,109 | 52,624 | 63,734 |
| Segment operating (loss) income | 665,190 | 55,404 | 720,594 | (402,720) | 317,874 |
| Gross margin % | 41.3% | 29.9% | 39.8% | 100.0% | 39.8% |
| Impairment Loss | 1,151,995 | - | 1,151,995 | - | 1,151,995 |
| Segment assets | 17,324,584 | 2,894,383 | 20,218,967 | 676,760 | 20,895,727 |

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

Nova Leap had positive Adjusted EBITDA and segment operating income in the US and Canada operating segments in Q4 2024 and Q4 2023.

Adjusted EBITDA in the US segment decreased from \$883,127 in Q4 2023 to \$662,711 in Q4 2024. The decrease in revenues in the US segment is primarily due to the decline in client service hours, partially offset by billing rate increases and incremental revenues from business acquisitions completed 2024. Nova Leap's acquisitions in 2024 in the US segment contributed incremental revenues of \$0.39 million and positive Adjusted EBITDA of \$0.04 million for the quarter ended December 31, 2024.

The Canadian segment's revenues in CAD dollars in Q4 2024 increased by 14% as compared to Q4 2023 due to an increase in client service hours and billing rate increases, however due to a stronger U.S. dollar in 2024 revenues increased by 11% in U.S. dollars. Adjusted EBITDA increased from \$71,895 in Q4 2023 to \$116,629 in Q4 2024 primarily due to the increase in revenues and an increase in gross margin percentage caused by an increase in billing rates.

| For the year ended December 31, 2024 | | | | | |
|---|-------------------|------------------|---------------------------------|----------------------|-------------------|
| | US | Canada | Total Reportable Segments | Group Head Office | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Segment revenues | 21,874,128 | 3,877,096 | 25,751,224 | 9,382 | 25,760,606 |
| Cost of services | 13,168,081 | 2,705,597 | 15,873,678 | - | 15,873,678 |
| Gross margin | 8,706,047 | 1,171,499 | 9,877,546 | 9,382 | 9,886,928 |
| Corporate & administrative ⁽¹⁾ | 6,299,272 | 753,833 | 7,053,105 | 1,272,062 | 8,325,167 |
| Adjusted EBITDA | 2,406,775 | 417,666 | 2,824,441 | (1,262,680) | 1,561,761 |
| Amortization and depreciation | 470,699 | 47,991 | 518,690 | 65,005 | 583,695 |
| Stock-based compensation | 5,626 | 6,657 | 12,283 | 102,071 | 114,354 |
| Segment operating income (loss) | 1,930,450 | 363,018 | 2,293,468 | (1,429,756) | 863,712 |
| Gross margin % | 39.8% | 30.2% | 38.4% | 100.0% | 38.4% |

| | | | | | |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|
| Segment assets | 18,834,244 | 2,465,003 | 21,479,247 | 909,053 | 22,388,300 |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|

| For the year ended December 31, 2023 | | | | | |
|---|-------------------|------------------|---------------------------------|----------------------|-------------------|
| | US | Canada | Total Reportable Segments | Group Head Office | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Segment revenues | 22,653,764 | 3,515,648 | 26,169,412 | 9,613 | 26,179,025 |
| Cost of services | 13,937,162 | 2,473,485 | 16,410,647 | - | 16,410,647 |
| Gross margin | 8,716,602 | 1,042,163 | 9,758,765 | 9,613 | 9,768,378 |
| Corporate & administrative ⁽¹⁾ | 6,295,558 | 709,705 | 7,005,263 | 1,285,544 | 8,290,807 |
| Adjusted EBITDA | 2,421,044 | 332,458 | 2,753,502 | (1,275,931) | 1,477,571 |
| Amortization and depreciation | 765,007 | 54,128 | 819,135 | 65,976 | 885,111 |
| Stock-based compensation | 11,259 | 13,000 | 24,259 | 108,049 | 132,308 |
| Segment operating income (loss) | 1,644,778 | 265,330 | 1,910,108 | (1,449,956) | 460,152 |
| Gross margin % | 38.5% | 29.6% | 37.3% | 100.0% | 37.3% |

| | | | | | |
|-----------------|-----------|---|-----------|---|-----------|
| Impairment Loss | 1,502,562 | - | 1,502,562 | - | 1,502,562 |
|-----------------|-----------|---|-----------|---|-----------|

| | | | | | |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|
| Segment assets | 17,324,584 | 2,894,383 | 20,218,967 | 676,760 | 20,895,727 |
|-----------------------|-------------------|------------------|-------------------|----------------|-------------------|

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

Nova Leap had positive segment operating income and Adjusted EBITDA in the US and Canada operating segments for the years ended December 31, 2024 and 2023.

Adjusted EBITDA in the US Segment for 2024 was consistent with 2023. Revenues decreased year-over-year due to a decline in client service hours at several agencies partially offset incremental revenues from business acquisitions completed 2024. Gross margin percentage increase year over year as a result of billing rate increases and a reduction in worker's compensation premiums. Nova Leap's acquisitions in 2024 in the US segment contributed incremental revenues of \$0.76 million and positive Adjusted EBITDA of \$0.06 million for the year ended December 31, 2024.

The Canadian segment's revenues in CAD dollars for the year ended December 31, 2024 increased by 12% as compared to 2023 due to an increase in client service hours and billing rates increases implemented in 2024. In U.S. dollars the Canadian segment's revenues increased by 10% year-over-year due to a stronger U.S. dollar in 2024 than in 2023. Adjusted EBITDA increased by \$85,208 or 26% in 2024 as compared to 2023.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

| | Three months ended December 31 | | For the year ended December 31 | |
|---|--------------------------------|-----------|--------------------------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| Cash provided by operating activities | 338,717 | 555,093 | 1,387,989 | 2,154,596 |
| Cash used in investing activities | (1,341,000) | - | (1,591,000) | (23,129) |
| Cash provided by (used) in financing activities | 1,059,783 | (772,451) | 729,779 | (2,516,068) |
| Effect of foreign exchange rate change on cash and cash equivalents | (15,733) | 5,372 | (18,766) | 6,720 |
| Increase (decrease) in cash and cash equivalents | 41,767 | (211,986) | 508,002 | (377,881) |

Operating Activities

In Q4 2024, cash provided by operating activities of \$338,717 decreased from \$555,093 in Q4 2023 due to lower Adjusted EBITDA (as discussed in *Segmented Information* above) and the impact of acquisition related costs incurred in Q4 2024.

Cash provided by operating activities decreased from \$2,154,596 in 2023 to \$1,387,989 in 2024. During 2023, the Corporation collected the final amount receivable related to the ERC program of \$659,495. Operating cash flow for the year ended December 31, 2024 was positively impacted by an increase in Adjusted EBITA in 2024 as compared to 2023, offset by costs related to the business acquisitions completed in 2024 and Q1 2025.

The operating activities for the three and twelve months ended December 31, 2024 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 used cash in investing activities of \$1,341,000 and \$1,591,000 for the three and twelve months ended December 31, 2024. Cash used in investing activities in 2024 related to the purchase of a home care business in Massachusetts in Q2 2024 and a home care business in Florida in Q4 2024.

Financing Activities

Cash provided by financing activities was \$1,059,783 and \$729,779 for the three and twelve months ended December 31, 2024, due primarily to the proceeds of a new demand loan in Q4 used to partially finance the purchase of a Florida home care business. Financing activities also included regular payments of principal and interest on demand loans, promissory notes and leases, repayment of government loans and proceeds from exercise of stock options. During the twelve months ending December 31, 2023, cash flows included repayments of \$640,000 on the non-revolving demand loan upon collection of a portion of the ERC receivable, and repayment of all demand loans outstanding at that time.

Liquidity and Capital Resources

As of December 31, 2024, the Corporation had cash and cash equivalents of \$1,402,767 and positive working capital of \$183,817. The working capital has been reduced by the full amount of Schedule 1 Canadian bank demand loans of \$1,211,204, not the amount due in the next twelve months of \$263,200, as the demand loans are classified as current liabilities due to their demand feature.

The Corporation currently has enough cash and cash equivalents as well as access to an unused revolving credit facility of \$1,042,463 (CAD\$1,500,000) to meet its contractual obligations including for the next year. The Corporation also has access to a non-revolving acquisition line with available balances of CAD\$1,380,000 and USD \$4,691,000 as at December 31, 2024 to finance future acquisitions, but based on the existing situation, additional cash flow 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.

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.

On October 29, 2024, the Corporation executed a definitive agreement to acquire all of the shares of two affiliated home care

companies with operations in Nova Scotia. The acquisitions were completed on January 20, 2025 and were financed with the proceeds of a new demand loan of CAD\$1,380,000 from the Corporation's non-revolving acquisition line. The Acquisition was a Non-Arm's Length transaction pursuant to TSX Venture Exchange policies, as certain officers, directors and insiders of the Corporation also controlled the vendor. The acquisition was approved by disinterested shareholders on January 8, 2025. The Corporation has no other commitments for capital expenditures or asset acquisitions as of December 31, 2024.

Additional potential sources of funding include unexercised stock options. On December 31, 2024, the Corporation had 7,275,000 stock options outstanding at a weighted average exercise price of CAD\$0.44 of which 5,843,750 are vested and exercisable at December 31, 2024 at a weighted average exercise price of CAD\$0.46. The exercise of all vested and in the money stock options could potentially bring in additional financing of CAD\$0.24 million. However, there is no certainty that the Corporation will receive these stock option proceeds over time as not all stock options may be exercised.

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, 2024 | Sep 30, 2024 | June 30, 2024 | Mar 31, 2024 |
|--|--------------|--------------|---------------|--------------|
| | \$ | \$ | \$ | \$ |
| Revenues | 6,585,825 | 6,406,528 | 6,338,532 | 6,429,721 |
| Impairment loss | - | - | - | - |
| Net income (loss) | 886,268 | (207,871) | 226,998 | 473,073 |
| Net income (loss) per share - basic and diluted | 0.01 | (0.00) | 0.00 | 0.01 |
| Cash provided by operating activities | 338,717 | 287,259 | 387,709 | 374,304 |
| | Dec 31, 2023 | Sep 30, 2023 | June 30, 2023 | Mar 31, 2023 |
| | \$ | \$ | \$ | \$ |
| Revenues | 6,551,865 | 6,553,724 | 6,677,360 | 6,396,076 |
| Impairment loss | 1,151,995 | - | 350,567 | - |
| Net (loss) income | (954,657) | 380,353 | (183,501) | (296,876) |
| Net (loss) income per share - basic and diluted | (0.01) | 0.00 | (0.00) | (0.00) |
| Cash provided by operating activities | 555,093 | 640,491 | 664,685 | 294,327 |

Revenues

Revenues increased from \$6.40 million in Q1 2023 to \$6.59 million in Q4 2024 due to the client billing rate increases, and the acquisition of two home care businesses in 2024, partially offset by the decline of client service hours at several agencies. The decline in client service hours is due in part to staffing shortages and the closure of one of our physical locations for which we had previously recognized a goodwill impairment.

The acquisition of a home care business in Massachusetts completed in Q2 2024 contributed \$0.15 million of revenues during the Q2 2024, \$0.21 million in Q3 2024, and \$0.21 million in Q4 2024. The acquisition of a homecare business in Florida completed late in Q4 2024 contributed \$0.18 million of revenues during Q4 2024.

Net Income (Loss)

Net income was positively impacted starting in Q2 2023 and through Q4 2024 by increased income from operating activities as compared to previous quarters. Net income was negatively impacted by goodwill impairment losses of \$1,151,995 and \$350,567 in the US-RI CGU in Q4 2023 and Q2 2023 respectively.

Net loss was positively impacted in Q2 2023 by a litigation settlement gain of \$352,789.

Net income (loss) 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. In Q4 2024, a foreign exchange gain of \$997,980 was recognized due to a 6.6% strengthening of the US dollar relative to the Canadian dollar, increasing net income in that period. In Q3 2024, a foreign exchange loss of \$214,905 was recognized due to a 1.4% weakening of the US dollar relative to the Canadian dollar, decreasing net income in that period. In Q2 2024, a foreign exchange gain of \$153,433 was recognized due to a 1.0%

strengthening of the US dollar relative to the Canadian dollar increasing net income in that period. In Q1 2024, a foreign exchange gain of \$371,867 was recognized due to a 2.45% strengthening of the US dollar relative to the Canadian dollar increasing net income in that period.

Cash provided by operating activities

Cash provided by operating activities beginning in Q2 2023 and through Q4 2024 was positively impacted by increases in Adjusted EBITDA as compared to previous quarters.

Cash provided by operating activities was positively impacted by the receipt of an instalment of the ERC of \$452,306 in Q2 2023 and \$207,189 in Q1 2023.

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.

Corporate and administrative expenses include the following related party remuneration expenses:

| | Year ended December 31 | |
|--------------------------|-------------------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Management compensation | 405,106 | 414,697 |
| Directors' compensation | 140,183 | 142,276 |
| Stock-based compensation | 102,769 | 129,124 |
| | 648,058 | 686,097 |

On December 14, 2024, the Company acquired 100% of the assets of a Florida based home care business. The acquisition was a non-arm's length transaction as the assets were previously controlled by a Director of the Company (see highlights for 2024).

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 87,314,252 common shares of the Corporation issued and outstanding, 7,275,000 stock options outstanding and 500,000 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, 2024 | December 31, 2023 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Cash and cash equivalents | 1,402,767 | 894,765 |
| Accounts receivable | 1,697,910 | 1,652,116 |
| | 3,100,677 | 2,546,881 |

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, 2024, the Group had \$49,084 collected for client deposits (December 31, 2023 - \$59,584), representing approximately 2.9% of outstanding accounts receivable, billed and accrued (December 31, 2023 - 3.6%).

Accounts receivable

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

In measuring the expected credit losses, the accounts receivable have been assessed on a collective basis as they possess shared credit risk characteristics.

The expected loss rates are based on the payment profile for revenues over the past 12 months before December 31, 2024. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product of the countries in which the clients are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Accounts receivable are written-off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others 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 \$1,648,106 at December 31, 2024 (December 31, 2023 - \$1,572,697) with 74% of the balance outstanding for less than 30 days (December 31, 2023 - 65%). Actual specific write-offs of accounts receivable for the year ended December 31, 2024 was \$147,517 (December 31, 2023 - \$57,080).

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, in addition to the current unused balance of the revolving operating facility and cash flow projections are expected to be sufficient to meet the contractual cash outflow requirements over the next twelve months. Cash flows from accounts and other receivables are all contractually due within 30 days.

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

| As at December 31, 2024 | < 1 year | 1-2 years | 3-5 years | > 5 years |
|--|--------------------|------------------|------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Account payable and accrued liabilities | 1,563,605 | - | - | - |
| Client deposits | 49,804 | - | - | - |
| Promissory notes, principal and interest | 143,767 | 139,317 | 109,866 | - |
| Demand loans, principal and interest | 397,790 | 367,428 | 895,268 | - |
| Lease liability, principal and interest | 354,501 | 274,957 | 329,262 | 147,955 |
| Total | 2,509,467 | 781,702 | 1,334,396 | 147,955 |

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

Market risk

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

Foreign currency sensitivity

The Group's operations are predominantly carried out in USD. Exposure to currency exchange rates arise from Canadian assets, liabilities, home care operations and head office costs.

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

| | December 31, 2024 | December 31, 2023 |
|--|--------------------------|--------------------------|
| | CAD\$ | CAD\$ |
| Cash and cash equivalents | 702,022 | 288,643 |
| Accounts receivable | 312,147 | 232,445 |
| Accounts payable & accrued liabilities | (632,736) | (455,173) |
| Lease liability | (796,046) | (933,413) |
| Government loans | - | (120,000) |
| | (481,613) | (987,498) |

A change of 5.0% in the Canadian dollar exchange rate at December 31, 2024 would affect net income and comprehensive income and deficit by approximately \$13,700 (December 31, 2023 - \$35,500).

Interest rate sensitivity

As at December 31, 2024, 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 \$11,700 on an annual basis (December 31, 2023 - \$nil).

Fair value

All financial assets and liabilities except for demand loans and promissory notes are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the demand loans and promissory notes is disclosed in notes 8 and 9 to the Consolidated Financial Statements as at December 31, 2024.

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 Ownership of Nova Leap Shares

Market Price of the Common Shares

The common shares of Nova Leap (“Common Shares”) are currently listed and posted for trading on the TSX Venture Exchange. 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; 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 its 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 growth and effectively integrate 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. 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 Florida, 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 in 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 have 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 revenues 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.

Goodwill and/or intangible assets impairment

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 ability 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. Nova Leap recognized an impairment loss of \$1,502,562 in 2023 \$514,403 in 2022 \$605,682 in 2021 and \$800,000 in 2020 for CGUs that had 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, changes in market conditions or rising interest rates as a result of inflation 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 and software 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.

Our work from home policies for administrative employees has led to an increase in 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, our work from home policies 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.

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 (“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 Accounting Standards.

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

NATURE OF THE SECURITIES

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

Approval

Dated March 6, 2025