



**Nova Leap Health Corp.**

**Management Discussion & Analysis  
For the three and nine months ended September 30, 2022**

**NOVA LEAP HEALTH CORP.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

**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 November 10, 2022 and provides an analysis of the Corporation’s operations for the three and nine months ended September 30, 2022 and 2021. This MD&A should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 and 2021 and the Audited Consolidated Financial Statements 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](http://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 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 Unaudited Condensed Interim 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 FINANCIAL INFORMATION**

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Service revenues	7,141,654	5,263,242	21,425,021	15,368,826
Loss from operating activities	(110,974)	(237,184)	(740,686)	(782,290)
Add: Amortization and depreciation	343,639	205,824	1,048,203	643,459
Add: Stock-based compensation	92,832	90,460	279,492	202,213
Adjusted EBITDA <sup>(1)</sup>	325,497	59,100	587,009	63,382
Net income	549,070	1,259,384	134,650	2,487,043
Net income per share – basic and diluted	\$0.007	\$0.015	\$0.002	\$0.033
Total assets	25,390,654	25,229,186	25,390,654	25,229,186
Total current liabilities	4,322,997	4,864,300	4,322,997	4,864,300
Long-term financial liabilities	1,714,551	1,413,958	1,714,551	1,413,958

(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 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 (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 loss from operating activities plus amortization and depreciation and stock-based compensation expense. The most directly comparable IFRS measure is loss 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, timing of receipt of the outstanding Employee Retention Credit (“ERC”) receivable, 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, 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.

## HIGHLIGHTS FOR Q3 2022

- Q3 2022 revenues of \$7,141,654 increased by 35.7% relative to Q3 2021 revenues of \$5,263,242 due to five business acquisitions completed during the later part of 2021. Q3 2022 revenues increased by 2.2% from Q2 2022 revenues of \$6,986,758, primarily driven by growth in the Canadian operating segment.
- Revenues for the nine months ended September 30, 2022 were \$21,425,021, an increase of \$6,056,195 or 39.4% over the same period in 2021 due to five acquisitions in the second half of 2021.
- Q3 2022 Adjusted EBITDA of \$325,497 was the highest in the Corporation's history.
- Adjusted EBITDA in Q3 2022 increased to \$325,497 from \$59,100 in Q3 2021 and \$33,950 in Q2 2022 (See calculation of Adjusted EBITDA in "*Segmented Information*" below). The increase in Adjusted EBITDA over Q3 2021 is primarily due to acquisitions completed in the later part of 2021.
- Gross profit margin percentage increased to 35.7% in Q3 2022 from 34.4% in Q3 2021 and 35.4% in Q2 2022.
- In September 2022, Nova Leap closed a non-brokered private placement, through the issuance of 6,814,445 common shares at a price of CAD\$0.35 per share for gross proceeds of \$1,818,432 (CAD\$2,385,056). The Corporation had share issuance costs related to the private placement of \$30,127 (CAD\$39,515) for net proceeds of \$1,788,305 (CAD\$2,345,541). The common shares are subject to a hold period until January 9, 2023.
- During Q3 2022, \$917,474 was collected on the Covid-19 ERC receivable. The funds were used in Q3 2022 to reduce the outstanding balance of the non-revolving demand loan from \$1,600,000 to \$640,000 as of September 30, 2022.
- The Corporation had cash and cash equivalents of \$2,207,432 as of September 30, 2022, as well as full access to the unutilized revolving credit facility of \$1,094,331 (CAD\$1,500,000).
- Loss from operating activities decreased to \$110,974 in Q3 2022 from \$237,184 in Q3 2021 and \$430,883 in Q2 2022 and to \$740,686 for the year-to-date 2022 from \$782,290 for the nine months ended September 30, 2021 due to higher Adjusted EBITDA relating to the five business acquisitions in 2021 partially offset by an increase in amortization and depreciation expense in 2022 as a result of these business acquisitions.
- The Corporation recognized net income of \$549,070 and \$134,650 for the three and nine months ended September 30, 2022, a decrease from \$1,259,384 and \$2,487,043 for the same periods in 2021. Net income was positively impacted in 2021 by COVID-19 relief programs income which increased net income in the three and nine months ended September 30, 2021 by \$1,535,865 (net of estimated related income taxes of \$335,400) and \$4,044,456 (net of estimated related income taxes of \$1,201,129).

## 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 the overall economic conditions in the United States and Canada and may continue to do so 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.

Our operations and financial performance for the three and nine months ended September 30, 2022 continued to be impacted by COVID-19 particularly the Omicron variant throughout the later part of 2021 and 2022. 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 utilization rates and efficacy, staffing shortages due to quarantines, the competitive labour market and federal, state/provincial and local vaccine mandates; the ability to have access to our clients in their homes; and any future or prolonged shelter-in-place orders and other federal, state/provincial and local requirements.

Potential impacts on our future results include lower revenue, higher salary and wage expense, higher interest rates and increased costs to hire, retain and train employees. Management's focus is on recruitment and retention of caregivers to meet the rising demand for home care services and managing our response to the virus, including any new variants, to minimize or eliminate the disruptions it can cause. 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.

As the COVID-19 pandemic evolved, many of the federal and state/provincial governments in jurisdictions in which Nova Leap operates introduced economic measures to protect companies, employees and the economy which helped reduce the impact of COVID-19 on the Corporation throughout 2020 and 2021.

Income from COVID-19 relief programs is recorded in Other Income in the Unaudited Condensed Interim Consolidated Statement of Income and Comprehensive Income. A listing of the COVID-19 relief programs impacting results for the three and nine months ended September 30, 2021 are outlined below. Nova Leap is not eligible for any COVID-19 related relief program in 2022.

**a) Employee Retention Credit**

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) contained a business relief provision known as the Employee Retention Credit, a refundable payroll tax credit for qualified wages paid to retain employees. The ERC was in effect from January 1, 2021 to September 30, 2021. Employers qualified for the ERC in 2021 if they were ordered to fully or partially shut down or if their gross receipts fell below 80% as compared to the same quarter in 2019. However, employers could elect to use the immediately preceding calendar quarter. Nova Leap’s US segment recognized an ERC of \$1,846,969 and \$5,100,683 for the three and nine months ended September 30, 2021. As of September 30, 2022, an ERC amount of \$659,495 is outstanding, the timing of receipt of which is unknown at the time of filing this MD&A.

**b) Canada Emergency Wage Subsidy (“CEWS”)**

Beginning in March 2020, the CEWS covered a portion of employee’s wages for employers who suffered a drop in gross revenues. During the three and nine months ended September 30, 2021, the Corporation’s Canadian segment received \$24,296 and \$81,456 respectively (CAD\$30,789 and CAD\$102,672) from the CEWS program.

**c) Paycheck Protection Program loans (“PPP”)**

On August 10, 2020, the Corporation received PPP loans of \$1,975,600 from a U.S. bank. These loans were guaranteed by the U.S. Small Business Administration under the U.S. CARES Act in response to COVID-19 and could be partially or fully forgiven if certain conditions were met. During the nine months ended September 30, 2021, management determined that the criteria for forgiveness had been met for the remaining PPP loans of \$63,446 and this amount was recognized in Other Income.

The COVID-19 relief programs income increased the Corporation’s net income by nil in the three and nine months ended September 30, 2022 (\$1,535,865 (net of estimated related income taxes of \$335,400) and \$4,044,456 (net of estimated related income taxes of \$1,201,129) for the three and nine months ended September 30, 2021).

## **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 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 three and nine months ended September 30, 2022 and 2021 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. Rhode Island, for the period from August 1, 2021, onward,
2. Oklahoma, for the period from September 20, 2021, onward,
3. South Carolina, for the period from December 6, 2021, onward,
4. Kentucky/Indiana, for the period from December 11, 2021, onward, and
5. Texas, for the period from December 18, 2021, onward.

## RESULTS OF OPERATIONS – Year to Date September 30, 2022

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Revenues</b>				
Service revenues	7,141,654	5,263,242	21,425,021	15,368,826
<b>Operating expenses</b>				
Cost of service	4,595,117	3,451,492	13,862,769	10,086,635
	<b>2,546,537</b>	<b>1,811,750</b>	<b>7,562,252</b>	<b>5,282,191</b>
<b>Corporate and administrative expenses</b>				
Head office and operations management	1,664,527	1,284,310	5,194,878	3,908,758
General & administrative	556,513	468,340	1,780,365	1,410,051
Amortization and depreciation	343,639	205,824	1,048,203	643,459
Stock-based compensation	92,832	90,460	279,492	202,213
	<b>2,657,511</b>	<b>2,048,934</b>	<b>8,302,938</b>	<b>6,064,481</b>
<b>Loss from operating activities</b>	<b>(110,974)</b>	<b>(237,184)</b>	<b>(740,686)</b>	<b>(782,290)</b>
<b>Other income (expenses)</b>				
Foreign exchange gain	880,705	240,496	1,110,441	9,411
COVID-19 relief programs	-	1,871,265	-	5,245,585
Impairment loss	-	-	-	(605,682)
Finance expense	(102,566)	(123,716)	(169,411)	(298,543)
Acquisition related expenses	(59,716)	(120,879)	(125,251)	(172,355)
Other expenses	(10,075)	(498)	(29,337)	(1,487)
	<b>708,348</b>	<b>1,866,668</b>	<b>786,442</b>	<b>4,176,929</b>
<b>Income before income taxes</b>	<b>597,374</b>	<b>1,629,484</b>	<b>45,756</b>	<b>3,394,639</b>
<b>Income taxes</b>				
Deferred income tax (expense) recovery	(37,208)	(51,062)	309,421	(373,681)
Current income tax (expense)	(11,096)	(319,038)	(220,527)	(533,915)
	<b>(48,304)</b>	<b>(370,100)</b>	<b>88,894</b>	<b>(907,596)</b>
<b>Net income</b>	<b>549,070</b>	<b>1,259,384</b>	<b>134,650</b>	<b>2,487,043</b>

The Corporation reported net income of \$549,070 and \$134,650 for the three and nine months ended September 30, 2022 as compared to \$1,259,384 and \$2,487,043 for the three and nine months ended September 30, 2021. This represents basic and diluted income per share of \$0.007 and \$0.002 in Q3 and year to date 2022 as compared to \$0.015 and \$0.033 for the same periods in 2021. The following discussion outlines the items that contributed to the change in net income period over period.

### ***Revenues***

Revenues are billed at the hourly rates specified in client agreements and are recognized at the time services are rendered. The increase in revenues of \$1,878,412 and \$6,056,195 for the three and nine months ended September 30, 2022 as compared to the same periods in the prior year is attributable to the impact of five business acquisitions completed in Q3 and Q4 2021 which contributed approximately \$2.27 million and \$7.59 million of increased revenues for the three and nine months ended September 30, 2022. However, this was offset by a decrease in revenues of \$0.39 million and \$1.54 million for agencies owned since January 1, 2021, due to the ongoing impact of COVID-19 and the loss of significant client service hours at one of our New England agencies where Nova Leap has filed a lawsuit against the previous owner and a related corporate entity for breach of certain covenants that formed part of the acquisition agreement.

The most significant impact of COVID-19 on results relates to a decline in service hours resulting from staffing shortages. We have implemented a focused recruitment and retention plan to drive revenue growth. However, during 2021, enhanced unemployment benefits 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 and 2022 year-to-date as a result of widespread Omicron variant and the ensuing infection rates and restrictions imposed by various governments.

### ***Cost of Services and Gross Margin***

Cost of services is comprised of hourly employee compensation, related payroll taxes, benefits and workers compensation insurance. The increase for the three and nine months ended September 30, 2022 is primarily related to increased revenues.

Gross margin percentage increased to 35.7% and 35.3% for the three and nine months ended September 30, 2022 from 34.4% and 34.3% for the three and nine months ended September 30, 2021 due in part to billing rate increases during the year. 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 expense includes total compensation for all home care agency office staff as well as total compensation of Head Office employees and directors of the Board. The quarter-over-quarter and year-over-year increases were mainly a result of the acquisitions in 2021 and the required increase in agency office staff, as well as the addition of a VP of Operations in the US segment in September 2021. Management initiated expense reduction measures late in Q2 with the elimination of targeted support functions in marketing, accounting, corporate development and operations which decreased Head office and operations management expense by CAD\$70,000 in Q3 2022. Head office and operations management expense in Q3 2022 was also reduced in Head Office and the Canadian segment as a result of the stronger U.S. dollar. Subsequent to the quarter end, the position of VP of Operations (U.S.) was eliminated with responsibilities redistributed to other senior leaders within 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 and year-over-year increases were primarily a result of the acquisitions in Q3 and Q4 2021 partially offset by decreases in Q3 2022 in Head Office and the Canadian segment as a result of the stronger U.S. dollar.

Amortization and depreciation increased in the three and nine months ended September 30, 2022 primarily as a result of the amortization of customer lists and non-compete agreements relating to the five business acquisitions in Q3 and Q4 2021.

### ***Other income and other expenses***

The COVID-19 relief programs income decreased to \$nil for the three and nine months ended September 30, 2022 from \$1,871,265 and \$5,245,585 for the three and nine months ended September 30, 2021 primarily due to the end of the ERC, as discussed above.

Finance expense decreased to \$102,566 and \$169,411 for the three and nine months ended September 30, 2022 from \$123,716 and \$298,543 for the three and nine months ended September 30, 2021 due primarily to the change in the recognition of fair value gains or losses related to expected future contingent consideration payments during these periods. For the nine months ended September 30, 2022, fair value gains of \$142,359 were recognized as compared to fair value losses of \$35,989 for the nine months ended September 30, 2021.

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 unrealized and non-cash. For the three and nine months ended September 30, 2022, foreign exchange gains of \$880,705 and \$1,110,441 were recognized due to the strengthening of the US dollar. The US dollar exchange rate at September 30, 2022 increased by 6.4% and 8.1% as compared to the exchange rate at June 30, 2022 and December 31, 2021. For the three and nine months ended September 30, 2021, foreign exchange gains of \$240,496 and \$9,411 were due to an increase in the US dollar exchange rate of 2.8% and 0.1% at September 30, 2021 as compared to the exchange rate at June 30, 2021 and December 31, 2020.

The impairment loss of \$605,682 for the three and nine months ended September 30, 2021 was a result of a goodwill impairment loss recorded for the NH/VT CGU in Q2 2021.

Acquisition related expenses decreased quarter-over-quarter and year-over-year due to two acquisitions that were completed in Q3 2021.

### ***Income taxes***

Nova Leap's combined statutory income tax rate is comprised of a blended federal and provincial corporate income tax rate of 29% (2021 – 29%) in Canada and a blended federal and state corporate income tax rate of 25.25% (2021 – 26.14%) in the United States, based on the locations where the Group operates.

At September 30, 2022, Nova Leap has non-capital income tax losses of \$247,488 (CAD\$339,232) available to reduce future taxable income in Canada (September 30, 2021 - \$1,286,625(CAD\$1,639,289)) and non-capital income tax losses of \$1,495,812 (September 30, 2021 - nil) available to reduce future taxable income in the US.

The change in income taxes to an income tax expense of \$48,304 for Q3 2022 and income tax recovery of \$88,894 for the nine months ended September 30, 2022 from income tax expense of \$370,100 and \$907,596 for the three and nine months ended September 30, 2021 is primarily due to the tax impact related to the COVID-19 relief program income in 2021.

### ***Loss from operating activities***

Nova Leap's financial results for the three and nine months ended September 30, 2022, include the acquisition of five businesses in Q3 2021 and Q4 2021. The 2021 acquisitions contributed incremental Adjusted EBITDA of \$262,418 and \$768,972 and incremental income from operating activities of \$90,935 and \$242,795 for the three and nine months ended September 30, 2022.

## **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.

	<b>Sep 30, 2022</b>	<b>June 30, 2022</b>	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>
	\$	\$	\$	\$
<b>Revenues</b>	7,141,654	6,986,758	7,296,609	5,910,257
<b>COVID-19 relief programs income</b>	-	-	-	(96,131)
<b>Net income (loss)</b>	549,070	(24,746)	(389,674)	(726,330)
<b>Net income (loss) per share - basic and diluted</b>	0.01	(0.00)	(0.00)	(0.01)
<b>Cash provided by (used in) operating activities</b>	1,527,755	(682,322)	368,386	577,145
	<b>Sep 30, 2021</b>	<b>June 30, 2021</b>	<b>Mar 31, 2021</b>	<b>Dec 31, 2020</b>
	\$	\$	\$	\$
<b>Revenues</b>	5,263,242	5,085,445	5,020,139	4,483,539
<b>COVID-19 relief programs income</b>	1,871,265	1,698,283	1,676,058	858,579
<b>Impairment loss</b>	-	605,682	-	-
<b>Net income</b>	1,259,384	345,470	882,189	1,236,354
<b>Net income per share - basic and diluted</b>	0.02	0.01	0.01	0.01
<b>Cash provided by (used in) operating activities</b>	1,590,738	105,213	(93,182)	(144,705)

### **Revenues**

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) decreased from \$3.89 million in Q4 2020 to \$3.62 million in Q4 2021 due to the onset of the Omicron variant, however, same agency revenues are starting to rebound and increased to \$3.74 million in Q3 2022, approximately 4% below Q4 2020 revenues.

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 revenues of approximately \$0.60 million in Q4 2020. These acquisitions contributed additional revenues of approximately \$1.1 million for each quarter in 2021, \$0.8 million in Q1 2022, \$0.7 million in Q2 2022, and \$0.9 million in Q3 2022. Five acquisitions were completed in the latter part of 2021 adding \$0.25 million of revenues in Q3 2021, \$1.19 million in Q4 2021, \$2.74 million in Q1 2022, \$2.59 million in Q2 2022 and \$2.52 million in Q3 2022.

### **Net Income (Loss)**

Net income was positively impacted in each quarter from Q4 2020 to Q3 2021 by the recognition of income from COVID-19 relief programs including the ERC, PPP loans and CEWS. The ERC resulted in COVID-19 relief programs income of \$1,555,431 in Q1 2021, \$1,698,283 in Q2 2021 and \$1,846,969 in Q3 2021. The ERC program was discontinued effective September 30, 2021 and as a result, there was no COVID-19 relief program income in Q4 2021 or in 2022 resulting in a decrease in net income in these periods. The PPP loans of \$1,975,600 received in Q3 2020 were recognized in COVID-19 relief programs income when management determined that the criteria for forgiveness had been met. Accordingly, \$1,080,283 of PPP loans was recognized in Q3 2020, \$831,871 in Q4 2020 and \$63,446 in Q1 2021 increasing net income in those periods. These programs are discussed in further detail in “*COVID-19 pandemic update*”.

Net income was negatively impacted by a goodwill impairment loss of \$605,682 in Q2 2021 which was recognized in the US-NH/VT CGU following the identification of indicators of impairment during these periods.

Net income will vary each quarter as a result of acquisition related costs. Acquisition related costs were higher in Q4 2021, Q3 2021 and Q4 2020 due to acquisitions completed during these periods.

Net income 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**

Cash provided by operating activities was positively impacted by the receipt of an instalment of the ERC of \$917,474 in Q3, 2022, \$1,678,307 in Q3 2021 and \$1,651,207 in Q4 2021.

Cash used in operating activities of \$682,322 in Q2 2022 was negatively impacted by the net change in non-cash operating working capital of \$779,465 due to the payment of the corporate income tax payable of \$350,000 during the quarter and a decrease in accounts payable and accrued liabilities of \$303,493 primarily relating to the timing of vendor and payroll payments.

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 the first required repayment in Q4 2021 and a decrease in income taxes payable of \$353,000 resulting from the net loss in Q4 2021.

## **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:

<b>For the three months ended September 30, 2022</b>					
	US	Canada	Total Reportable Segments	Group Head Office	Total
	\$	\$	\$	\$	\$
<b>Segment revenues</b>	<b>6,027,040</b>	<b>1,112,163</b>	<b>7,139,203</b>	<b>2,451</b>	<b>7,141,654</b>
Cost of services	3,843,202	751,915	4,595,117	-	4,595,117
<b>Gross margin</b>	<b>2,183,838</b>	<b>360,248</b>	<b>2,544,086</b>	<b>2,451</b>	<b>2,546,537</b>
Corporate & administrative <sup>(1)</sup>	1,777,081	177,008	1,954,089	266,951	2,221,040
<b>Adjusted EBITDA</b>	<b>406,757</b>	<b>183,240</b>	<b>589,997</b>	<b>(264,500)</b>	<b>325,497</b>
Amortization and depreciation	310,971	15,737	326,708	16,931	343,639
Stock-based compensation	1,888	3,342	5,230	87,602	92,832
<b>Segment operating income (loss)</b>	<b>93,898</b>	<b>164,161</b>	<b>258,059</b>	<b>(369,033)</b>	<b>(110,974)</b>
<b>Gross margin %</b>	<b>36.2%</b>	<b>32.4%</b>	<b>35.6%</b>	<b>-</b>	<b>35.7%</b>
<b>Segment assets</b>	<b>20,531,581</b>	<b>2,900,865</b>	<b>23,432,446</b>	<b>1,958,208</b>	<b>25,390,654</b>

  

<b>For the three months ended September 30, 2021</b>					
	US	Canada	Total Reportable Segments	Group Head Office	Total
	\$	\$	\$	\$	\$
<b>Segment revenues</b>	<b>4,246,542</b>	<b>1,012,187</b>	<b>5,258,729</b>	<b>4,513</b>	<b>5,263,242</b>
Cost of services	2,764,708	686,784	3,451,492	-	3,451,492
<b>Gross margin</b>	<b>1,481,834</b>	<b>325,403</b>	<b>1,807,237</b>	<b>4,513</b>	<b>1,811,750</b>
Corporate & administrative <sup>(1)</sup>	1,238,467	205,994	1,444,461	308,189	1,752,650
<b>Adjusted EBITDA</b>	<b>243,367</b>	<b>119,409</b>	<b>362,776</b>	<b>(303,676)</b>	<b>59,100</b>
Amortization and depreciation	189,986	11,150	201,136	4,688	205,824
Stock-based compensation	2,782	1,195	3,977	86,483	90,460
<b>Segment operating income (loss)</b>	<b>50,599</b>	<b>107,064</b>	<b>157,663</b>	<b>(394,847)</b>	<b>(237,184)</b>
<b>Gross margin %</b>	<b>34.9%</b>	<b>32.1%</b>	<b>34.4%</b>	<b>-</b>	<b>34.4%</b>
COVID-19 relief programs income	1,846,969	24,296	1,871,265	-	1,871,265
<b>Segment assets</b>	<b>17,668,976</b>	<b>3,357,263</b>	<b>21,026,239</b>	<b>4,202,947</b>	<b>25,229,186</b>

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 in Q3 2022 and Q3 2021.

The increase in revenues and Adjusted EBITDA is primarily due to Nova Leap's acquisitions in the US segment in 2021 which contributed incremental revenues of \$2.27 million and incremental Adjusted EBITDA of \$0.26 million in Q3 2022 which more than offset the decline in revenues in Q3 2022 for the existing agencies as a result of the impact of COVID-19 and the loss of significant client service hours in one of our New England agencies.

The Canadian segment's increase in revenue and Adjusted EBITDA in Q3 2022 as compared to 2021 was due to an increase in total hours billed, billing rates and lower Corporate and administrative costs. This was partially offset by a stronger U.S. dollar in Q3 2022.

Group Head office Adjusted EBITDA improved in Q3 2022 as compared to Q3 2021 due to lower Corporate and administrative expenses related to the elimination of targeted support functions late in Q2 2022 and a stronger U.S. dollar in Q3 2022.

<b>For the nine months ended September 30, 2022</b>					
	US	Canada	Total Reportable Segments	Group Head Office	Total
	\$	\$	\$	\$	\$
<b>Segment revenues</b>	<b>18,311,859</b>	<b>3,105,398</b>	<b>21,417,257</b>	<b>7,764</b>	<b>21,425,021</b>
Cost of services	11,789,739	2,073,030	13,862,769	-	13,862,769
<b>Gross margin</b>	<b>6,522,120</b>	<b>1,032,368</b>	<b>7,554,488</b>	<b>7,764</b>	<b>7,562,252</b>
Corporate & administrative <sup>(1)</sup>	5,417,171	548,656	5,965,827	1,009,416	6,975,243
<b>Adjusted EBITDA</b>	<b>1,104,949</b>	<b>483,712</b>	<b>1,588,661</b>	<b>(1,001,652)</b>	<b>587,009</b>
Amortization and depreciation	962,640	35,311	997,951	50,252	1,048,203
Stock-based compensation	5,556	10,124	15,680	263,812	279,492
<b>Segment operating income (loss)</b>	<b>136,753</b>	<b>438,277</b>	<b>575,030</b>	<b>(1,315,716)</b>	<b>(740,686)</b>
<b>Gross margin %</b>	<b>35.6%</b>	<b>33.2%</b>	<b>35.3%</b>	<b>-</b>	<b>35.3%</b>
<b>Segment assets</b>	<b>20,531,581</b>	<b>2,900,865</b>	<b>23,432,446</b>	<b>1,958,208</b>	<b>25,390,654</b>

  

<b>For the nine months ended September 30, 2021</b>					
	US	Canada	Total Reportable Segments	Group Head Office	Total
	\$	\$	\$	\$	\$
<b>Segment revenues</b>	<b>12,165,134</b>	<b>3,193,825</b>	<b>15,358,959</b>	<b>9,867</b>	<b>15,368,826</b>
Cost of services	7,914,001	2,172,634	10,086,635	-	10,086,635
<b>Gross margin</b>	<b>4,251,133</b>	<b>1,021,191</b>	<b>5,272,324</b>	<b>9,867</b>	<b>5,282,191</b>
Corporate & administrative <sup>(1)</sup>	3,485,587	604,946	4,090,533	1,128,276	5,218,809
<b>Adjusted EBITDA</b>	<b>765,546</b>	<b>416,245</b>	<b>1,181,791</b>	<b>(1,118,409)</b>	<b>63,382</b>
Amortization and depreciation	566,984	43,523	610,507	32,952	643,459
Stock-based compensation	8,374	3,606	11,980	190,233	202,213
<b>Segment operating income (loss)</b>	<b>190,188</b>	<b>369,116</b>	<b>559,304</b>	<b>(1,341,594)</b>	<b>(782,290)</b>
<b>Gross margin %</b>	<b>34.9%</b>	<b>32.0%</b>	<b>34.3%</b>	<b>-</b>	<b>34.3%</b>
Impairment Loss	605,682	-	605,682	-	605,682
COVID-19 relief programs income	5,164,129	81,456	5,245,585	-	5,245,585
<b>Segment assets</b>	<b>17,668,976</b>	<b>3,357,263</b>	<b>21,026,239</b>	<b>4,202,947</b>	<b>25,229,186</b>

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 nine months ended September 30, 2022 and 2021.

Nova Leap's acquisitions in the US segment in 2021 have contributed incremental revenues of \$7.59 million and incremental Adjusted EBITDA of \$0.77 million for the nine months ended September 30, 2022 which more than offset the decline in revenues and Adjusted EBITDA in the existing operations as a result of the impact of COVID-19 and the loss of significant client service hours in one of our New England agencies. Adjusted EBITDA was also impacted by higher corporate and administrative expenses relating to the addition of a VP of Operations in Q3 2021 and an increase in the transfer of head office staff salary expense to better reflect the actual time and effort provided by Head Office employees to the agencies.

The Canadian segment's decline in revenue for the nine months ended September 30, 2022 is primarily due to a stronger U.S. dollar in 2022, as revenues are consistent quarter over quarter in CAD dollars. Adjusted EBITDA increased due to an increase in billing rates and lower Corporate and administrative costs during this period.

Group Head office Adjusted EBITDA improved in the nine months ended September 30, 2022 due to a stronger U.S. dollar, an increase in the transfer of head office staff salary expense to the US and Canada operating segments, the elimination of targeted support functions late in Q2 2022 as well as the election by the Directors to receive their directors' fees in deferred share units starting in Q3 2021 which increased Adjusted EBITDA and stock-based compensation in 2022.

## CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash provided by operating activities	1,527,755	1,590,738	1,213,819	1,602,769
Cash used in investing activities	(9,679)	(1,225,000)	(47,534)	(1,225,000)
Cash provided by (used in) financing activities	274,868	(384,716)	(667,269)	3,314,260
Effect of foreign exchange rate change on cash and cash equivalents	(34,449)	(115,818)	(25,026)	(150,608)
Increase (decrease) in cash and cash equivalents	1,758,495	(134,796)	473,990	3,541,421

### ***Operating Activities***

Cash provided by operating activities decreased to \$1,527,755 in Q3 2022 from \$1,590,738 in Q3 2021 due to a decrease in ERC receipts, partially offset by higher Adjusted EBITDA (as discussed in *Segmented Information* above). During Q3 2022, the Corporation received \$917,474 in ERC receipts as compared to \$1,678,307 in Q3 2021. Cash provided by operating activities was also impacted by an increase in the net change in non-cash working capital due to a reduction in Accounts receivable and an increase in accounts payable and accrued liabilities due to the timing of vendor and payroll payments.

For the nine months ended September 30, 2022, cash provided by operating activities decreased to \$1,213,819 from \$1,602,769 in 2021 due to a decrease in ERC receipts partially offset by higher Adjusted EBITDA in 2022. Cash provided by operating activities was also impacted by a decrease in the net change in non-cash working capital relating primarily to the income tax payments for the COVID-19 relief programs in 2021.

The operating activities for the three and nine months ended September 30, 2022, 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 of \$9,679 and \$47,534 for the three and nine months ended September 30, 2022 was due primarily to leasehold improvements in Head Office, net of the proceeds received on the sale of assets. Cash used in investing activities of \$1,225,000 in 2021 related to the business acquisitions in Rhode Island on July 31, 2021 and in Oklahoma on September 19, 2021.

### ***Financing Activities***

Cash provided by financing activities increased for the three and nine months ended September 30, 2022 due to the net proceeds received of \$1,788,305 from the issuance of common shares in Q3 2022, partially offset by the repayment of \$960,000 of the non-revolving demand loan upon collection of a portion of the ERC receivable in Q3 2022.

Cash provided by financing activities for the nine months ended September 30, 2021 included net proceeds received of \$4,380,074 from the issuance of common shares in Q2 2021.

Financing activities for the three and nine months ended September 30, 2022 and September 30, 2021 also included regular payments of principal and interest on demand loans, promissory notes and leases as well as interest payments on convertible debentures in 2021.

### ***Liquidity and Capital Resources***

As of September 30, 2022, the Corporation had cash and cash equivalents of \$2,207,432 and working capital of \$841,035. The working capital has been reduced by the full amount of Schedule 1 Canadian bank demand loans of \$1,530,063, not the amount due in the next twelve months of \$1,242,439, 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 \$659,495 at September 30, 2022, the timing of receipt of which is unknown at this time. The funds, upon receipt, will be used to repay \$640,000 of the demand loans shown as current. If collection of the outstanding ERC receivable does not occur before the end of 2022, the non-revolving demand loan will be repaid through the Corporation's existing revolving operating facility and cash flows from operations.

The Corporation currently has enough cash and cash equivalents as well as access to an unused revolving credit facility of \$1,094,331 (CAD\$1,500,000) to meet its contractual obligations including scheduled loan payments for the next year but based

on the 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.

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. The Corporation has no commitments for home care business acquisitions as of September 30, 2022.

Additional potential sources of funding include unexercised stock options. On September 30, 2022, the Corporation had 6,905,000 stock options outstanding at a weighted average exercise price of CAD\$0.43 of which 5,580,000 are vested and exercisable at September 30, 2022 at a weighted average exercise price of CAD\$0.37. The exercise of all vested and in the money stock options could potentially bring in additional financing of CAD\$0.4 million. There is no certainty that the Corporation will receive these stock option proceeds over time as not all stock options may be exercised.

## 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:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management compensation	107,371	107,257	320,448	324,762
Stock-based compensation	79,168	85,358	246,773	178,926
Directors' fees	-	-	-	56,362
	<b>186,539</b>	192,615	<b>567,221</b>	560,050

On April 29, 2021, the Shareholders approved 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 quarter, Nova Leap granted the directors 161,639 DSUs at a weighted average share price of CAD\$0.2935 at September 30, 2022. All DSUs were granted under, and are subject to, the terms and conditions of the Plan. The maximum number of shares available for issuance under the DSU plan of 500,000 common shares has now been reached.

During the quarter, certain related parties participated in the Corporation's private placement of common shares and subscribed for an aggregate of 885,802 common shares for gross proceeds of \$236,376 (CAD\$310,031).

During the nine months ended September 30, 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 nine months ended September 30, 2021, interest of \$18,419 was paid to related parties at the prescribed rate in relation to the convertible debentures.

## 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 86,209,252 common shares of the Corporation issued and outstanding, 6,905,000 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:

<b>Classes of financial assets – carrying amounts</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	\$	\$
Cash and cash equivalents	<b>2,207,432</b>	1,733,442
Accounts receivable	<b>2,036,257</b>	2,170,700
	<b>4,243,689</b>	3,904,142

### *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 September 30, 2022, the Group had \$82,935 collected for client deposits (December 31, 2021 - \$103,002), representing approximately 4.1% of outstanding accounts receivable, billed and accrued (December 31, 2021–4.7%).

### 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 for the next twelve months. This assumes repayment of the USD non-revolving demand loan through the collection of the outstanding ERC receivable. If collection of the outstanding ERC receivable does not occur before the end of 2022, 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:

	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
<b>As at September 30, 2022</b>				
Account payable and accrued liabilities	1,341,599	-	-	-
Client deposits	82,935	-	-	-
Demand loans, principal and interest	1,242,439	238,335	97,856	-
Promissory notes, principal and interest	823,500	477,000	126,000	-
Lease liability, principal and interest	379,618	327,854	536,429	317,961
Contingent consideration	76,034	-	-	-
Government loans	-	58,364	-	-
Deferred payroll liability	207,833	-	-	-
<b>Total</b>	<b>4,153,958</b>	<b>1,101,553</b>	<b>760,285</b>	<b>317,961</b>

	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
<b>As at December 31, 2021</b>				
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	-	-	-
<b>Total</b>	<b>5,728,570</b>	<b>1,690,053</b>	<b>957,442</b>	<b>384,751</b>

### 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 Canadian assets, liabilities, home care operations and head office costs.

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

	September 30, 2022	December 31, 2021
	CAD\$	CAD\$
Cash and cash equivalents	1,950,712	1,142,936
Accounts receivable	300,904	396,562
Accounts payable & accrued liabilities	(461,305)	(414,411)
Demand loans	(382,948)	(693,881)
Promissory notes	-	(124,214)
Lease liability	(1,047,683)	(835,431)
Government loans	(118,676)	(114,787)
	<b>241,004</b>	<b>(643,226)</b>

A change of 5.0% in the Canadian dollar exchange rate at September 30, 2022 would affect net income and comprehensive income and deficit by approximately \$8,000 (September 30, 2021 - \$140,000).

#### Interest rate sensitivity

As at September 30, 2022, 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 \$12,000 on an annual basis (September 30, 2021- \$17,000).

### Fair value

All financial assets and liabilities except for the demand loans, promissory notes and government loans and deferred payroll liability 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 4 and 5 to the Unaudited Condensed

## **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. The spread of COVID-19 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. Potential impacts are higher salary and wage expense, wage inflation, higher interest rates and increased costs to hire, retain and train employees. 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 2023 and subsequent fiscal years. We cannot determine the impact that COVID-19 may have on government budgets for 2023 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 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 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 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 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 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 \$605,682 in Q2 2021 and \$800,000 in Q2 2020 for one CGU 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 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 Unaudited Condensed Interim Consolidated Financial Statements, is the responsibility of management. In the preparation of the statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

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

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and 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 November 10, 2022