



Nova Leap Health Corp.

**Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023 and 2022**

(United States dollars)

Nova Leap Health Corp.

Unaudited Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

As at	September 30, 2023	December 31, 2022
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,106,751	1,272,646
Accounts receivable	1,592,649	1,753,285
Government tax credit receivable	-	659,495
Prepaid expenses	303,774	292,637
Total current assets	3,003,174	3,978,063
Non-current assets		
Property and equipment	1,246,733	1,493,613
Intangible assets	678,748	1,090,510
Goodwill (note 3)	15,693,460	16,040,114
Deferred income tax asset	1,437,567	1,346,263
Total non-current assets	19,056,508	19,970,500
TOTAL ASSETS	22,059,682	23,948,563
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,193,952	1,242,241
Client deposits payable	41,434	57,538
Demand loans (note 4)	341,706	1,378,244
Promissory notes (note 5)	334,200	890,526
Lease liability	310,878	331,288
Government loans	88,757	88,600
Total current liabilities	2,310,927	3,988,437
Non-current liabilities		
Promissory notes (note 5)	126,087	117,509
Lease liability	936,518	1,160,696
Total non-current liabilities	1,062,605	1,278,205
TOTAL LIABILITIES	3,373,532	5,266,642
SHAREHOLDERS' EQUITY		
Share capital (note 6)	18,959,250	18,959,250
Contributed surplus	2,199,485	2,130,911
Accumulated other comprehensive loss	(1,179,779)	(1,215,458)
Deficit	(1,292,806)	(1,192,782)
TOTAL SHAREHOLDERS' EQUITY	18,686,150	18,681,921
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,059,682	23,948,563

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

“Michael O’Keefe”

(signed)

Director

“Chris Dobbins”

(signed)

Director

Nova Leap Health Corp.

Unaudited Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(United States dollars)

For the	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenues				
Service revenues	6,553,724	7,141,654	19,627,160	21,425,021
Operating expenses				
Cost of service	4,105,135	4,595,117	12,467,096	13,862,769
	2,448,589	2,546,537	7,160,064	7,562,252
Corporate and administrative expenses				
Head office and operations management	1,507,202	1,664,527	4,665,658	5,194,878
General & administrative	507,195	556,513	1,588,105	1,780,365
Amortization and depreciation	204,587	343,639	695,449	1,048,203
Stock-based compensation	21,125	92,832	68,574	279,492
	2,240,109	2,657,511	7,017,786	8,302,938
Income (loss) from operating activities	208,480	(110,974)	142,278	(740,686)
Other income (expenses)				
Foreign exchange gain (loss)	318,369	880,705	(47,035)	1,110,441
Impairment loss (note 3)	-	-	(350,567)	-
Finance expense	(38,932)	(102,566)	(131,745)	(169,411)
Litigation settlement gain (note 7)	-	-	352,789	-
Acquisition related and other legal	12,467	(59,716)	(105,793)	(125,251)
Other expenses	(5,873)	(10,075)	(15,118)	(29,337)
	286,031	708,348	(297,469)	786,442
Income (loss) before income taxes	494,511	597,374	(155,191)	45,756
Income taxes				
Current income tax expense	20,974	11,096	38,206	220,527
Deferred income tax expense (recovery)	93,184	37,208	(93,373)	(309,421)
	114,158	48,304	(55,167)	(88,894)
Net Income (loss)	380,353	549,070	(100,024)	134,650
Items that will be reclassified subsequently to profit or loss				
Foreign exchange (loss) gain on translation presentation currency	(375,249)	(1,077,580)	35,679	(1,349,031)
Total comprehensive income (loss)	5,104	(528,510)	(64,345)	(1,214,381)
Net income (loss) per share – basic and diluted (note 8)	\$0.004	\$0.007	\$(0.001)	\$0.002

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(United States dollars)

	Common shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive (loss) income \$	Deficit \$	Total shareholders' equity \$
Balance at January 1, 2023	86,209,252	18,959,250	2,130,911	(1,215,458)	(1,192,782)	18,681,921
Stock-based compensation	-	-	68,574	-	-	68,574
Net loss for the period	-	-	-	-	(100,024)	(100,024)
Other comprehensive income for the period	-	-	-	35,679	-	35,679
Balance at September 30, 2023	86,209,252	18,959,250	2,199,485	(1,179,779)	(1,292,806)	18,686,150
Balance at January 1, 2022	79,294,807	17,136,284	1,781,804	(80,617)	(357,037)	18,480,434
Issuance of common shares	6,814,445	1,788,305	-	-	-	1,788,305
Stock-based compensation	-	-	279,492	-	-	279,492
Stock options exercised	100,000	34,661	(15,405)	-	-	19,256
Net income for the period	-	-	-	-	134,650	134,650
Other comprehensive loss for the period	-	-	-	(1,349,031)	-	(1,349,031)
Balance at September 30, 2022	86,209,252	18,959,250	2,045,891	(1,429,648)	(222,387)	19,353,106

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(United States dollars)

For the	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	380,353	549,070	(100,024)	134,650
Government tax credit receivable	-	917,474	659,495	1,113,249
Adjustments for items not affecting cash:				
Forgiveness of promissory notes on litigation settlement (note 7)	-	-	(257,789)	-
Amortization and depreciation	204,587	343,639	695,449	1,048,203
Impairment loss (note 3)	-	-	350,567	-
Deferred income tax expense (recovery)	93,184	37,208	(93,373)	(309,421)
Stock-based compensation	21,125	92,832	68,574	279,492
Finance expense	40,134	103,745	162,957	150,110
Unrealized foreign exchange (gain) loss	(323,901)	(914,605)	33,402	(1,158,450)
Gain on the sale of assets	-	-	(4,861)	(15,000)
Net change in non-cash operating working capital (note 9)	225,009	398,392	85,106	(29,014)
Cash provided by operating activities	640,491	1,527,755	1,599,503	1,213,819
Investing activities				
Purchase of property and equipment	-	(9,679)	(27,990)	(62,534)
Proceeds on the sale of assets	-	-	4,861	15,000
Cash used in investing activities	-	(9,679)	(23,129)	(47,534)
Financing activities				
Proceeds on issuance of common shares, net of share issue costs	-	1,788,305	-	1,788,305
Repayment of demand loans and transaction costs (note 4)	(100,675)	(1,166,328)	(1,047,175)	(1,589,901)
Interest payments on demand loans (note 4)	(10,436)	(47,244)	(52,200)	(126,982)
Repayment of promissory notes and interest (note 5)	(205,500)	(211,000)	(333,000)	(418,344)
Repayment of lease liability and interest	(102,426)	(108,121)	(311,242)	(289,105)
Repayment of contingent consideration	-	-	-	(50,498)
Proceeds from exercise of stock options	-	19,256	-	19,256
Cash (used in) provided by financing activities	(419,037)	274,868	(1,743,617)	(667,269)
Effect of foreign exchange rate change on cash and cash equivalents	(2,960)	(34,449)	1,348	(25,026)
Increase (decrease) in cash and cash equivalents for the period	218,494	1,758,495	(165,895)	473,990
Cash and cash equivalents - beginning of period	888,257	448,937	1,272,646	1,733,442
Cash and cash equivalents - end of period	1,106,751	2,207,432	1,106,751	2,207,432

Nova Leap Health Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three and nine months ended September 30, 2023 and 2022

1. Nature of operations

Nova Leap Health Corp. (the “Corporation”) is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The principal activities of the Corporation and its subsidiaries (the “Group”) is to provide home and home health care services to clients. The Group is currently providing services in the United States in ten states as well as in Nova Scotia, Canada. The Corporation’s shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.

These Unaudited Condensed Interim Consolidated Financial Statements include the accounts of the Corporation and its United States (“US”) and Canadian subsidiaries and are presented in United States dollars (“USD”) which is the functional currency of the majority of the Group’s business operations. The registered head office of the Corporation is located at 7071 Bayers Road, Suite 3006, Halifax, NS Canada B3L 2C2.

The Unaudited Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on November 9th, 2023.

2. Significant accounting policies

Statement of compliance

These Unaudited Condensed Interim Consolidated Financial Statements are prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). These Unaudited Condensed Interim Consolidated Financial Statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments as the Corporation’s Audited Consolidated Financial Statements for the year ended December 31, 2022. These Unaudited Condensed Interim Consolidated Financial Statements do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation’s Audited Consolidated Financial Statements for the year ended December 31, 2022, prepared in accordance with IFRS, as issued by the IASB.

3. Impairment of goodwill

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

CGUs to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

An impairment loss is recognized for the amount by which the asset’s (or CGU’s) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each group of CGU and determines a suitable discount rate to calculate the present value of those cash flows. The data used for the impairment testing procedures was based on a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate of 3% and a discount rate of 18.5%. Given the ongoing and forecasted operating results for this CGU, the value in use calculation did not support the carrying value of the goodwill and an impairment loss of \$350,567 was recognized.

Nova Leap Health Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three and nine months ended September 30, 2023 and 2022

3. Impairment of goodwill (continued)

As at September 30, 2023, the US-RI CGU had goodwill and indefinite life intangibles of \$1,120,328 (December 31, 2022 - \$1,470,895).

The changes in goodwill for the period are as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	16,040,114	16,705,091
Impairment	(350,567)	(514,403)
Foreign exchange gain (loss)	3,913	(150,574)
Balance, end of period	15,693,460	16,040,114

In addition, during the second quarter of the current year, the Corporation reviewed the grouping of its MA I and MA II CGUs for the purpose of annual goodwill impairment testing. As a result, these CGUs have been reallocated to better align with changes in operations, cash flows and internal reporting.

4. Demand loans

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

	September 30, 2023	December 31, 2022
	\$	\$
At amortized cost:		
Balance, beginning of period	1,378,244	3,122,672
Debt issue and guarantee insurance costs	(5,305)	(14,542)
Effective interest	61,757	197,055
Interest payments	(52,200)	(158,389)
Principal repayment in cash	(1,041,870)	(1,746,147)
Foreign exchange loss (gain)	1,080	(22,405)
Balance, end of period	341,706	1,378,244
Fair value	327,653	1,368,545

The non-revolving loans are repayable on demand provided that, until demands are made, blended monthly payments comprising the principal and interest, based on the US base rate plus 1.5%, be paid over the maximum amortization period, with a remaining period of seventeen months. The US base rate at September 30, 2023 was 9.00% (December 31, 2022 – 8.0%).

In December 2021, the Corporation obtained a non-revolving demand loan of \$1,600,000 from its primary lender as a temporary working capital facility to be used for acquisition purposes until the ERC receivable was collected. The demand loan was based on interest only payments at a rate of USD prime rate plus 1.5%. During the current year, the non-revolving demand loan was fully repaid and had no outstanding balance at September 30, 2023. (December 31, 2022 - \$640,000).

The Corporation also has access to a \$1,109,467 (CAD\$1,500,000) revolving operating facility for working capital purposes from a Schedule 1 Canadian bank. The interest rate is CAD prime rate plus 1.5%. The CAD prime rate at September 30, 2023 was 7.20% (December 31, 2022 – 6.45%). Interest is calculated monthly in arrears, and payable on the last day of each month. The facility is repayable on demand. There was no outstanding balance on this facility as at September 30, 2023 or December 31, 2022.

All the demand loans are secured through a registered General Security Agreement and a Corporate Guarantee for the principal amount of the loan from Nova Leap's US and Canadian subsidiaries.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

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5. Promissory notes

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

	September 30, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	1,008,035	1,671,461
Effective interest	43,041	114,119
Repayments	(333,000)	(778,844)
Forgiveness of notes on litigation settlement (note 7)	(257,789)	-
Foreign exchange loss	-	1,299
Balance, end of period	460,287	1,008,035
Current portion	334,200	890,526
Non-current portion	126,087	117,509
Balance, end of period	460,287	1,008,035
Fair value	448,401	971,088

The promissory notes were all initially recorded at fair value using a market interest rate of 7.75% and subsequently measured at amortized cost using the effective interest rate method. Actual interest rates on notes range from 2% to 5%. The promissory notes are subject to a Guarantee Agreement from the Corporation and are subordinated to the demand loans (note 4).

6. Share capital

a. Authorized:

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

b. Issued and outstanding:

	September 30, 2023		December 31, 2022	
	Number of Shares	Value \$	Number of Shares	Value \$
Balance, beginning of period	86,209,252	18,959,250	79,294,807	17,136,284
Issuance of common shares	-	-	6,814,445	1,788,305
Stock options exercised	-	-	100,000	34,661
Balance, end of period	86,209,252	18,959,250	86,209,252	18,959,250

7. Litigation settlement

The litigation previously initiated by Nova Leap in Q2 2022 was settled in the second quarter of the current year, resulting in a total gain of \$352,789 for the nine months ended September 30, 2023. The settlement consisted of a cash payment of \$95,000, forgiveness of the remaining promissory notes plus accrued interest of \$257,789 and the elimination of any future earnout payments. As at December 31, 2022, the fair value of contingent consideration was determined to be \$nil.

8. Earnings per share

Basic earnings per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that stock options, DSUs and convertible debt have been exercised on the later of the beginning of the period and the date granted. For the three and nine months ended September 30, 2023, 5,431,250 and all stock options were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive (three and nine months ended September 30, 2022 – 4,600,000 and 1,500,000 stock options).

Nova Leap Health Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three and nine months ended September 30, 2023 and 2022

8. Earnings per share (continued)

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Weighted average number of shares used in basic earnings per share	86,209,252	80,965,652	86,209,252	79,857,875
Shares deemed to be issued for no consideration in respect of share-based payments	994,394	1,619,302	-	2,065,107
Weighted average number of shares used in diluted earnings per share	87,203,646	82,584,954	86,209,252	81,922,982

9. Supplemental cash flow information

The change in the non-cash operating working capital is as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts receivable	80,338	162,456	160,636	134,443
Prepaid expenses	93,235	48,545	(11,137)	24,395
Accounts payable and accrued liabilities	71,086	190,357	(48,289)	32,215
Income taxes payable	-	-	-	(200,000)
Client deposits payable	(19,650)	(2,966)	(16,104)	(20,067)
	225,009	398,392	85,106	(29,014)
Supplemental information:				
Interest paid	34,124	82,075	118,360	200,984
Income taxes paid	28,032	648	35,122	424,998

10. Related party transactions

Transactions with related parties are 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Management compensation	110,601	107,371	314,653	320,448
Directors' compensation including deferred share units	35,790	36,758	107,031	112,270
Stock-based compensation	18,377	42,410	72,864	134,503
	164,768	186,539	494,548	567,221

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three and nine months ended September 30, 2023 and 2022

10. Related party transactions (continued)

As at September 30, 2023, there was \$42,497 included in accounts payable and accrued liabilities for amounts owed to officers of the Corporation for compensation and expense reimbursements (December 31, 2022 – \$1,882) and \$28,846 for amounts due to directors for directors fees (December 31, 2022 – \$11,204).

In accordance with the Amended and Restated Equity Incentive Plan, the Directors elected to receive their directors' fees in deferred share units ("DSUs") from Q3 2021 to Q3 2022. Accordingly, for the three and nine months ended September 30, 2022, directors' compensation includes the grant of 161,639 DSUs at a weighted average share price of CAD\$0.2935 and 368,215 DSUs at CAD\$0.3896. No DSUs were granted for the three and nine months ended September 30, 2023.

11. Financial instruments

The Group's risk management is coordinated at its Head Office, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by maximizing cash flow from operations.

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. The Group is exposed to the same risks in the current year as it was exposed to in the prior year. The most significant financial risks to which the Group is exposed are described below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the end of the reporting period, as summarized below:

Classes of financial assets – carrying amounts	September 30, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	1,106,751	1,272,646
Accounts receivable	1,592,649	1,753,285
	2,699,400	3,025,931

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 is 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 the aging analysis.

At certain locations, clients are required to pay an upfront deposit, mitigating the credit risk. As at September 30, 2023, the Group had \$41,434 collected for client deposits (December 31, 2022 - \$57,538), representing approximately 2.6% of outstanding accounts receivable, billed and accrued (December 31, 2022 – 3.3%).

Liquidity risk

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

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

Nova Leap Health Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

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11. Financial instruments (continued)

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and accounts receivable. The Group's existing cash resources and accounts receivable, in addition to the current unused balance of the revolving operating facility and cash flow projections, are expected to be sufficient to meet current contractual cash outflow requirements. Cash flows from accounts and other receivables are all contractually due within 30 days.

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

As at September 30, 2023	< 1 year \$	1-2 years \$	3-5 years \$	> 5 years \$
Accounts payable and accrued liabilities	1,193,952	-	-	-
Client deposits	41,434	-	-	-
Demand loans, principal and interest	255,812	97,155	-	-
Promissory notes, principal and interest	349,500	126,000	-	-
Lease liability, principal and interest	371,390	300,693	500,076	251,943
Government loans	59,172	-	-	-
Total	2,271,260	523,848	500,076	251,943

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

Market risk

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

Foreign currency sensitivity

The majority of 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 ("CAD") currency risk was as follows:

	September 30, 2023 CAD\$	December 31, 2022 CAD\$
Cash and cash equivalents	326,730	821,821
Accounts receivable	256,075	223,223
Accounts payable & accrued liabilities	(525,750)	(424,171)
Demand loans	(19,177)	(277,698)
Lease liability	(920,793)	(1,012,977)
Government loans	(120,000)	(120,000)
	(1,002,915)	(789,802)

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11. Financial instruments (continued)

A change of 5.0% in the Canadian dollar exchange rate at September 30, 2023 would affect net income and comprehensive income and deficit by approximately \$35,000 (September 30, 2022 - \$8,000).

Interest rate sensitivity

As at September 30, 2023, 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 \$2,000 on an annual basis (September 30, 2022- \$12,000).

Fair value

All financial assets and liabilities except for the demand loans, promissory notes and government loans 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 are disclosed in notes 4 and 5.

12. Segment reporting

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

Segment information for the reporting period is as follows:

	For the three months ended September 30, 2023				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
Segment revenues	5,724,169	827,137	6,551,306	2,418	6,553,724
Cost of services	3,517,071	588,064	4,105,135	-	4,105,135
Gross margin	2,207,098	239,073	2,446,171	2,418	2,448,589
Corporate & administrative ⁽ⁱ⁾	1,531,489	179,001	1,710,490	303,907	2,014,397
Amortization and depreciation	175,873	12,118	187,991	16,596	204,587
Stock-based compensation	1,555	2,915	4,470	16,655	21,125
Segment operating income (loss)	498,181	45,039	543,220	(334,740)	208,480
Segment assets	18,455,887	2,832,836	21,288,723	770,959	22,059,682
	For the three months ended September 30, 2022				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
Segment revenues	6,027,040	1,112,163	7,139,203	2,451	7,141,654
Cost of services	3,843,202	751,915	4,595,117	-	4,595,117
Gross margin	2,183,838	360,248	2,544,086	2,451	2,546,537
Corporate & administrative ⁽ⁱ⁾	1,777,081	177,008	1,954,089	266,951	2,221,040
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
Segment operating income (loss)	93,898	164,161	258,059	(369,033)	(110,974)
Segment assets	20,531,581	2,900,865	23,432,446	1,958,208	25,390,654

Nova Leap Health Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(United States dollars)

For the three and nine months ended September 30, 2023 and 2022

12. Segment reporting (continued)

	For the nine months ended September 30, 2023				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
Segment revenues	16,973,262	2,646,666	19,619,928	7,232	19,627,160
Cost of services	10,602,398	1,864,698	12,467,096	-	12,467,096
Gross margin	6,370,864	781,968	7,152,832	7,232	7,160,064
Corporate & administrative ⁽ⁱ⁾	4,782,946	521,406	5,304,352	949,411	6,253,763
Amortization and depreciation	603,756	42,061	645,817	49,632	695,449
Stock-based compensation	4,574	8,575	13,149	55,425	68,574
Segment operating income (loss)	979,588	209,926	1,189,514	(1,047,236)	142,278
Segment assets	18,455,887	2,832,836	21,288,723	770,959	22,059,682

	For the nine months ended September 30, 2022				
	US \$	Canada \$	Total Reportable Segments \$	Group Head Office \$	Total \$
Segment revenues	18,311,859	3,105,398	21,417,257	7,764	21,425,021
Cost of services	11,789,739	2,073,030	13,862,769	-	13,862,769
Gross margin	6,522,120	1,032,368	7,554,488	7,764	7,562,252
Corporate & administrative ⁽ⁱ⁾	5,417,171	548,656	5,965,827	1,009,416	6,975,243
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
Segment operating income (loss)	136,753	438,277	575,030	(1,315,716)	(740,686)
Segment assets	20,531,581	2,900,865	23,432,446	1,958,208	25,390,654

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

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