
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____, 20____, to _____, 20____.

Commission File Number 333-109118

Novo Integrated Sciences, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

**11120 NE 2nd Street, Suite 200
Bellevue, Washington**

(Address of Principal Executive Offices)

59-3691650

(I.R.S. Employer
Identification Number)

98004

(Zip Code)

(206) 617-9797

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 214,673,720 shares of the Registrant's \$0.001 par value common stock outstanding as of April 9, 2018.

Novo Integrated Sciences, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

**NOVO INTEGRATED SCIENCES, INC. (formerly Turbine Truck Engines, Inc.)
CONDENSED CONSOLIDATED BALANCE SHEETS
As of February 28, 2018 (unaudited) and August 31, 2017**

	<u>February 28, 2018</u> (unaudited)	<u>August 31, 2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,036,602	\$ 1,896,572
Accounts receivable, net	1,348,847	1,128,898
Other receivables	402,112	372,024
Prepaid expenses and other current assets	217,286	252,536
Total current assets	<u>3,004,847</u>	<u>3,650,030</u>
Property and equipment, net	314,442	302,951
Acquisition deposits	1,135,824	1,162,009
Goodwill	616,832	399,400
TOTAL ASSETS	<u>\$ 5,071,945</u>	<u>\$ 5,514,390</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	\$ 1,743,738	\$ 1,703,342
Accrued expenses	291,098	341,657
Accrued interest (principally to related parties)	142,207	403,119
Due to related parties	880,915	1,812,613
Notes payable, current portion	6,205	13,171
Total current liabilities	<u>3,064,163</u>	<u>4,273,902</u>
Debentures, related parties	1,249,770	5,114,327
Notes payable, net of current portion	404,710	414,351
TOTAL LIABILITIES	<u>4,718,643</u>	<u>9,802,580</u>
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY (DEFICIT)		
Novo Integrated Sciences, Inc.		
Convertible Preferred stock; \$0.001 par value; 1,000,000 shares authorized; 0 and 0 shares issued and outstanding at February 28, 2018 and August 31, 2017		
Common stock; \$0.001 par value; 499,000,000 shares authorized; 214,673,720 and 201,837,254 shares issued and outstanding at February 28, 2018 and August 31, 2017		
	214,674	201,837
Additional paid-in capital	9,834,276	3,381,643
Other comprehensive income	1,153,503	1,240,844
Accumulated deficit	(10,823,822)	(9,091,977)
Total Novo Integrated Sciences, Inc. stockholders' equity (deficit)	<u>378,631</u>	<u>(4,267,653)</u>
Noncontrolling interest	(25,329)	(20,537)
Total stockholders' equity (deficit)	<u>353,302</u>	<u>(4,288,190)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 5,071,945</u>	<u>\$ 5,514,390</u>

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

NOVO INTEGRATED SCIENCES, INC. (formerly Turbine Truck Engines, Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Three and Six Months Ended February 28, 2018 and 2017 (unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2018 (unaudited)	February 28, 2017 (unaudited)	February 28, 2018 (unaudited)	February 28, 2017 (unaudited)
Revenues	\$ 2,145,919	\$ 1,834,620	\$ 4,399,656	\$ 3,652,759
Cost of revenues	1,307,596	1,189,908	2,715,289	2,354,021
Gross profit	838,323	644,712	1,684,367	1,298,738
Operating expenses:				
Selling expenses	30,601	8,259	68,740	18,560
General and administrative expenses	1,934,479	589,378	2,914,754	1,170,242
Total operating expenses	1,965,080	597,637	2,983,494	1,188,802
Income (loss) from operations	(1,126,757)	47,075	(1,299,127)	109,936
Non operating income (expense)				
Interest income	160	11,010	211	21,988
Interest expense	(304,132)	(114,617)	(438,285)	(231,705)
Total other income (expense)	(303,972)	(103,607)	(438,074)	(209,717)
Loss before income taxes	(1,430,729)	(56,532)	(1,737,201)	(99,781)
Income tax expense (benefit)	(54,216)	-	-	-
Net loss	\$ (1,376,513)	\$ (56,532)	\$ (1,737,201)	\$ (99,781)
Net loss attributed to noncontrolling interest	(1,956)	(2,764)	(5,356)	(4,491)
Net loss attributed to Novo Integrated Sciences, Inc.	<u>\$ (1,374,557)</u>	<u>\$ (53,768)</u>	<u>\$ (1,731,845)</u>	<u>\$ (95,290)</u>
Comprehensive loss:				
Net loss	(1,376,513)	(56,532)	(1,737,201)	(99,781)
Foreign currency translation gain (loss)	(211,528)	(94,248)	(87,341)	66,895
Comprehensive loss:	<u>\$ (1,588,041)</u>	<u>\$ (150,780)</u>	<u>\$ (1,824,542)</u>	<u>\$ (32,886)</u>
Weighted average common shares outstanding - basic and diluted	<u>206,091,162</u>	<u>167,797,406</u>	<u>203,953,457</u>	<u>167,797,406</u>
Net loss per common share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

NOVO INTEGRATED SCIENCES, INC. (formerly Turbine Truck Engines, Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended February 28, 2018 and 2017 (unaudited)

	Six Months Ended	
	February 28, 2018	February 28, 2017
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,737,201)	\$ (99,781)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	32,719	30,540
Fair value of vested stock options	1,109,416	-
Changes in operating assets and liabilities:		
Accounts receivable	(250,133)	(318,228)
Prepaid expenses and other current assets	30,326	31,770
Accounts payable	80,084	89,904
Accrued expenses	(43,843)	1,615
Accrued interest	303,699	158,039
Net cash used in operating activities	<u>(474,933)</u>	<u>(106,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(43,431)	(17,320)
Amounts loaned for other receivables	(39,215)	-
Repayments of other receivables	-	377,550
Net cash provided by (used in) investing activities	<u>(82,646)</u>	<u>360,230</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to related parties	(263,403)	(202,314)
Payments on notes payable	(7,108)	(57,986)
Net cash used in financing activities	<u>(270,511)</u>	<u>(260,300)</u>
Effect of exchange rate changes on cash and equivalents	<u>(31,880)</u>	<u>(1,040)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(859,970)	(7,251)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,896,572	110,315
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,036,602</u>	<u>\$ 103,064</u>
CASH PAID FOR:		
Interest	<u>\$ 128,098</u>	<u>\$ 81,598</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying footnotes are an integral part of these unaudited condensed consolidated financial statements.

NOVO INTEGRATED SCIENCES, INC.
(formerly Turbine Truck Engines, Inc.)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended February 28, 2018 and 2017 (unaudited)

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

Novo Integrated Sciences, Inc. was incorporated in Delaware on November 27, 2000, under the name Turbine Truck Engines, Inc. On February 20, 2008, the Company was re-domiciled to the State of Nevada. Effective July 12, 2017, the Company's name was changed to Novo Integrated Sciences, Inc. When used herein, the terms the "Company," "we," "us" and "our" refer to Novo Integrated Sciences, Inc. and its consolidated subsidiaries.

We provide specialized physiotherapy, chiropractic care, occupational therapy, eldercare, laser therapeutics, massage therapy, acupuncture, chiropodist, neurological functions, kinesiology, private personal training and dental services to our clients. Our multi-disciplinary primary healthcare services and protocols are directed at assessment, treatment, management, rehabilitation and prevention through our 14 corporate owned clinics, 150 affiliate clinics, retirement homes, long-term care facilities and institutional locations throughout Canada. Directly and indirectly through our contractual relationships, we provide our specialized services to over 300,000 patients annually. No employee of the Company or any of its subsidiaries practices primary care medicine and the Company's services do not require a medical or nursing license.

On April 25, 2017 (the "Effective Date"), the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") by and between (i) the Company; (ii) NHL, (iii) ALMC-ASAP Holdings Inc. ("ALMC"); (iv) Michael Gaynor Family Trust (the "MGFT"); (v) 1218814 Ontario Inc. ("1218814") and (vi) Michael Gaynor Physiotherapy Professional Corp. ("MGPP," and together with ALMC, MGFT and 1218814, the "NHL Shareholders"). Pursuant to the terms of the Share Exchange Agreement, the Company agreed to acquire from the NHL Shareholders all of the shares of both common and preferred stock of NHL, held by the NHL Shareholders, in exchange for the issuance by the Company to the NHL Shareholders of shares of the Company's common stock, such that following the closing of the Share Exchange Agreement, the NHL Shareholders would own 167,797,406 restricted shares of Company common stock, representing 85% of the issued and outstanding Company common stock, calculated including all granted and issued options or warrants to acquire the Company common stock as of the Effective Date, but to exclude shares of Company common stock that are subject to a then-current Regulation S offering that was undertaken by the Company (the "Exchange").

On May 9, 2017, the Exchange closed and, as a result, NHL became a wholly owned subsidiary of Novo Integrated Sciences, Inc.

The Exchange was accounted for as a reverse acquisition under the purchase method of accounting since NHL obtained control of Novo Integrated Sciences, Inc. Accordingly, the Exchange was recorded as a recapitalization of NHL, with NHL being treated as the continuing entity. The historical financial statements presented are the financial statements of NHL. The Share Exchange Agreement was treated as a recapitalization and not as a business combination; therefore, no pro forma information is disclosed. At the closing date of the Exchange, the net assets of the legal acquirer, Novo Integrated Sciences, Inc., were \$6,904.

On May 9, 2017, our Board of Directors determined, in connection with the closing of the Exchange, to change our fiscal year end from December 31 to August 31 but did not memorialize such determination in writing. On July 17, 2017, the Board ratified and memorialized in writing its May 9, 2017 determination regarding the change in fiscal year end.

The unaudited consolidated financial statements are prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The information furnished herein reflects all adjustments, consisting only of normal recurring adjustments, which in the opinion of management, are necessary to fairly state the Company’s financial position, the results of its operations, and cash flows for the periods presented. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) were omitted pursuant to such rules and regulations. The results of operations for the three and six months ended February 28, 2018 are not necessarily indicative of the results for the year ending August 31, 2018.

Basis of Presentation

The accompanying consolidated financial statements were prepared in conformity with U.S. GAAP. The Company’s Canadian subsidiaries’ functional currency is the Canadian Dollar (“CAD”); however, the accompanying consolidated financial statements were translated and presented in United States Dollars (“\$” or “USD”).

Foreign Currency Translation

The accounts of the Company’s Canadian subsidiaries are maintained in CAD. The accounts of these subsidiaries are translated into USD in accordance with ASC Topic 830 *Foreign Currency Transaction*, with the CAD as the functional currency. According to Topic 830, all assets and liabilities are translated at the exchange rate on the balance sheet date, stockholders’ equity is translated at historical rates and statement of operations items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, *Comprehensive Income*. Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the statement of operations and comprehensive income. The following table details the exchange rates used for the respective periods:

	<u>February 28, 2018</u>	<u>February 28, 2017</u>	<u>August 31, 2017</u>
Period end: CAD to USD exchange rate	\$ 0.7808	\$ 0.7548	\$ 0.7988
Average period: CAD to USD exchange rate	\$ 0.7959	\$ 0.7551	

Note 2 – Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, NHL, Novo Peak Health Inc., Novo Healthnet Rehab Limited, Novo Assessments Inc., an 80% interest in Novo Healthnet Kemptville Centre, Inc., a Back on Track Physiotherapy and Health Centre clinic operated by NHL, and a fifty percent stake in a joint venture with the Sophie Freeman Dental Hygiene Professional Corporation operated as Novo Dental. All of the Company’s subsidiaries are incorporated under the laws of the Province of Ontario, Canada. All intercompany transactions have been eliminated.

Noncontrolling Interest

The Company follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*, which governs the accounting for and reporting of non-controlling interests (“NCIs”) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability, that increases and decreases in the parent’s ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance.

The net income (loss) attributed to the NCI is separately designated in the accompanying consolidated statements of operations and other comprehensive income (loss).

Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificate of deposits, and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are recorded, net of allowance for doubtful accounts and sales returns. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentration, customer credit worthiness, current economic trends and changes in customer payment patterns to determine if the allowance for doubtful accounts is adequate. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Delinquent account balances are written-off after management has determined that the likelihood of collection is not probable and known bad debts are written off against the allowance for doubtful accounts when identified. As of February 28, 2018 and August 31, 2017, the allowance for uncollectible accounts receivable was \$484,145 and \$507,636, respectively.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the declining balance method for substantially all assets with estimated lives as follows:

Leasehold improvements	5 years
Clinical equipment	5 years
Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years

Long-Lived Assets

The Company applies the provisions of ASC Topic 360, *Property, Plant, and Equipment*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review at February 28, 2018 and August 31, 2017, the Company believes there was no impairment of its long-lived assets.

Goodwill

Goodwill represents the excess of purchase price over the underlying net assets of businesses acquired. Under accounting requirements, goodwill is not amortized but is subject to annual impairment tests. At February 28, 2018, the Company recorded goodwill of \$390,400 and \$226,432, respectively, related to its acquisition of Apka Health, Inc. during fiscal year ended August 31, 2017 and Executive Fitness Leaders during the fiscal year ended August 31, 2018.

Acquisition Deposits

The Company has signed letters of understanding with two potential acquisition candidates which includes refundable acquisition deposits totaling \$1,135,824 and \$1,162,009 at February 28, 2018 and August 31, 2017, respectfully.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and equivalents, restricted cash, accounts receivable, advances to suppliers, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Company. FASB ASC Topic 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology use one or more unobservable inputs which are significant to the fair value measurement.

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, and FASB ASC Topic 815, *Derivatives and Hedging*.

As of February 28, 2018 and August 31, 2017, respectively, the Company did not identify any assets and liabilities required to be presented on the balance sheet at fair value.

Revenue Recognition

Revenue related to healthcare services provided is recognized at the time services have been performed. Gross service revenue is recorded in the accounting records on an accrual basis at the provider's established rates, regardless of whether the health care entity expects to collect that amount. The Company will reserve a provision for contractual adjustment and discounts and deduct from gross service revenue. The Company believes that recognizing revenue at the time the services have been performed is appropriate because the Company's revenue policies meet the following four criteria in accordance with FASB ASC 605, *Revenue Recognition*: (i) persuasive evidence that arrangement exists, (ii) services has occurred, (iii) the price is fixed and determinable and (iv) collectability is reasonably assured. The Company reports revenues net of any sales, use and value added taxes.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all of, the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Company has no material uncertain tax positions for any of the reporting periods presented.

Stock-Based Compensation

The Company records stock-based compensation in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*. FASB ASC Topic 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the requisite service period. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with ASC Topic 260, *Earnings Per Share*. Basic earnings per share (“EPS”) is based on the weighted average number of common shares outstanding. Diluted EPS is based on the assumption that all dilutive securities are converted. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There were 10,030,000 options/warrants outstanding as of February 28, 2018. Due to the net loss incurred potentially dilutive instruments would be anti-dilutive. Accordingly, diluted loss per share is the same as basic loss for all periods presented.

Foreign Currency Transactions and Comprehensive Income

U.S. GAAP generally requires recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company’s Canadian subsidiaries is the Canadian \$. Translation gains of \$1,153,503 and \$1,240,844 at February 28, 2018 and August 31, 2017, respectively, are classified as an item of other comprehensive income in the stockholders’ equity section of the balance sheet.

Statement of Cash Flows

Cash flows from the Company’s operations are calculated based upon the local currencies using the average translation rates. As a result, amounts related to assets and liabilities reported on the statements of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheets.

Recent Accounting Pronouncements

In January 2017, the FASB issued an Accounting Standards Update (“ASU”) 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for interim and annual periods beginning after December 15, 2017 and should be applied prospectively on or after the effective date. The Company is in the process of evaluating the impact of this accounting standard update.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents on the statement of cash flows and disclosure of how the statement of cash flows reconciles to the balance sheet if restricted cash is shown separately from cash and cash equivalents on the balance sheet. ASU 2016-18 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance for targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its statements of cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company’s financial statements and disclosures.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

Note 3 – Related Party Transactions

Due to related parties

Amounts loaned to the Company by stockholders and officers of the Company that are payable upon demand.

On January 31, 2018, a related party converted \$813,125 of outstanding amounts loaned to the Company into 1,976,483 shares of the Company’s common stock. The per share price used for the conversion of this loan was \$0.4114 which was determined as the average price of the five (5) trading days immediately preceding the date of conversion with a ten (10) percent premium added to the calculated per share price. At February 28, 2018, the amount due to related parties was \$880,915.

Note 4 – Other Receivables

Other receivables at February 28, 2018 and August 31, 2017 consisted of the following:

	<u>February 28, 2018</u>	<u>August 31, 2017</u>
Notes receivable dated November 15, 2014; accrues interest at 8% per annum; secured by assets; due November 15, 2016.	\$ -	\$ 39,940
Notes receivable dated April 1, 2015 and amended on May 23, 2017; accrues interest at 8% per annum; secured by certain assets; due May 23, 2018.	292,800	299,550
Advance to corporation; non-interest bearing; unsecured; payable upon demand	31,232	32,534
Advance to corporation; non-interest bearing; unsecured; payable upon demand	78,080	-
Total other receivables	<u>\$ 402,112</u>	<u>\$ 372,024</u>

Note 5 – Property and Equipment

Property and equipment at February 28, 2018 and August 31, 2017 consisted of the following:

	<u>February 28, 2018</u>	<u>August 31, 2017</u>
Leasehold Improvements	\$ 331,696	\$ 329,985
Clinical equipment	204,013	177,514
Computer equipment	23,113	21,020
Office equipment	23,771	24,319
Furniture and fixtures	26,010	18,218
	608,603	571,056
Accumulated depreciation	(294,161)	(268,105)
Total	<u>\$ 314,442</u>	<u>\$ 302,951</u>

Depreciation expense for the six months ended February 28, 2018 and 2017 was \$32,719 and \$30,540, respectively.

Note 6 – Notes Payable

Notes payable at February 28, 2018 and August 31, 2017 consisted of the following:

	<u>February 28, 2018</u>	<u>August 31, 2017</u>
Notes payable to financial institution; accrues interest at 7.2% per annum; monthly principal and interest payment of \$3,567; unsecured; due October 2017. This note has been fully repaid.	-	7,134
Notes payable issued in connection with purchase of assets; accrues interest at 0% per annum; due on March 27, 2019.	390,400	399,400
Notes payable to financial institution assumed with acquisition; accrues interest at 6% per annum; monthly principal and interest payment of \$623; unsecured; due April 8, 2019.	20,515	20,988
	<u>410,915</u>	<u>427,522</u>
Current portion	(6,205)	(13,171)
Long-term portion	<u>\$ 404,710</u>	<u>\$ 414,351</u>

Aggregate future maturities of notes payable as of February 28 are as follows:

Twelve months ending February 28,	
2019	\$ 6,205
2020	404,710
	<u>\$ 410,915</u>

Note 7 – Debentures, related parties

On September 30, 2013, the Company issued five debentures totaling CAD\$6,402,512 (\$4,968,900 at November 30, 2017) in connection with the acquisition of certain business assets. The holders of the debentures are current stockholders, officers and/or affiliates of the Company. The debentures are secured by all the assets of the Company, accrue interest at 8% per annum and were originally due on September 30, 2016. On December 2, 2017, the debenture holders agreed to extend the due date to September 30, 2019.

On January 31, 2018, the debenture holders converted seventy-five percent (75%) of the debenture value of \$3,894,809 plus accrued interest of \$414,965 into 10,475,872 shares of the Company's common stock. The per share price used for the conversion of each debenture was \$0.4114 which was determined as the average price of the five (5) trading days immediately preceding the date of conversion with a ten (10) percent premium added to the calculated per share price. At February 28, 2018, the amount of debentures outstanding was \$1,249,770.

Note 8 – Stockholders' Deficit

Convertible preferred stock

The Company has authorized 1,000,000 shares of \$0.001 par value convertible preferred stock. At February 28, 2018 and August 31, 2017 there were 0 and 0 convertible preferred shares issued and outstanding, respectively.

Common stock

The Company has authorized 499,000,000 shares of \$0.001 par value common stock. At February 28, 2018 and August 31, 2017 there were 214,673,720 and 201,837,254 common shares issued and outstanding, respectively.

During the six months ended February 28, 2018, the Company issued 384,110 shares of common stock for the acquisition of Executive Fitness Leaders valued at \$233,155. The value was based on the closing price of the Company's common stock on the acquisition date. In addition, during the same period, the Company issued 12,452,356 shares of common stock for the conversion of debt totaling \$5,122,899. The per share price used for the conversion was \$0.4114 which was determined as the average price of the five (5) trading days immediately preceding the date of conversion with a ten (10) percent premium added to the calculated per share price.

Stock options/warrants

On September 8, 2015, the Company adopted the 2015 Incentive Compensation Plan (the "2015 Plan"), which authorizes the issuance of up to 5,000,000 shares of common stock to employees, officers, directors or independent consultants of the Company, provided that no person can be granted shares under the 2015 Plan for services related to raising capital or promotional activities. During 2017 and 2016, the Company did not grant any awards under the 2015 Plan. As of August 31, 2017, 4,987,500 shares were available under the 2015 Plan for future grants, awards, options or share issuances. However, because the shares issuable under the 2015 Plan or issuable upon conversion of awards granted under the Plan are no longer registered under the Securities Exchange Act of 1934, as amended, the Company does not intend to issue any additional grants under the 2015 Plan.

On January 16, 2018, the Company adopted the Novo Integrated Sciences, Inc. 2018 Incentive Plan (the "2018 Plan"). Under the 2018 Plan, 10,000,000 shares of common stock are authorized for issuance to employees, non-employees, directors and key consultants to the Company or its subsidiaries. The 2018 Plan authorizes equity-based and cash-based incentives for participants. There were 9,950,000 shares available for award at February 28, 2018 under the 2018 Plan.

The following is a summary of stock option/warrant activity:

	Options/ Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding, August 31, 2017	7,860,000	\$ 0.27	3.53	\$ 660,000
Granted	2,170,000	0.42		
Forfeited	-			
Exercised	-			
Outstanding, February 28, 2018	<u>10,030,000</u>	0.30	3.44	781,000
Exercisable, February 28, 2018	<u>8,970,000</u>	\$ 0.30	3.32	\$ 781,000

The exercise price for options/warrants outstanding at February 28, 2018:

Outstanding		Exercisable	
Number of Options/ Warrants	Exercise Price	Number of Options/ Warrants	Exercise Price
5,500,000	\$ 0.16	5,500,000	\$ 0.16
1,000,000	0.32	-	0.32
50,000	0.33	50,000	0.33
120,000	0.40	60,000	0.40
2,000,000	0.42	2,000,000	0.42
100,000	0.50	100,000	0.50
1,000,000	0.62	1,000,000	0.62
250,000	0.80	250,000	0.80
10,000	2.00	10,000	2.00
<u>10,030,000</u>		<u>8,970,000</u>	

For options granted during fiscal year 2017 where the exercise price equaled the stock price at the date of the grant, the weighted-average fair value of such options was \$0.58 and the weighted-average exercise price of such options/warrants was \$0.42. No options were granted during fiscal 2017 where the exercise price was less than the stock price at the date of grant or the exercise price was greater than the stock price at the date of grant.

For options granted during fiscal year 2018 where the exercise price equaled the stock price at the date of the grant, the weighted-average fair value of such options was \$0.41 and the weighted-average exercise price of such options/warrants was \$0.42. No options were granted during fiscal 2018 where the exercise price was less than the stock price at the date of grant or the exercise price was greater than the stock price at the date of grant.

The fair value of the stock options is being amortized to stock option expense over the vesting period. The Company recorded stock option expense of \$1,109,416 during the six months ended February 28, 2018. At February 28, 2018, the unamortized stock option expense was \$165,515.

The assumptions used in calculating the fair value of options granted using the Black-Scholes option- pricing model for options granted are as follows:

Risk-free interest rate	1.83%
Expected life of the options	2.5 to 3.5 years
Expected volatility	314%
Expected dividend yield	0%

Note 9 – Commitments and Contingencies

Litigation

The Company is party to certain legal proceedings from time to time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on our consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs. However, based on information available to the Company's management to date, the Company's management does not expect that the outcome of any matter pending against the Company is likely to have a materially adverse effect on the Company's consolidated financial position as of February 28, 2018, results of operations, cash flows or liquidity of the Company.

Leases

The Company leases its office space and certain facilities under long-term operating leases expiring through fiscal year 2023. Rent expense under these leases was \$409,350 and \$387,110 for the six months ended February 28, 2018 and 2017, respectively.

Note 10 – Acquisition of Assets

On December 1, 2017, the Company and Executive Fitness Leaders, located in Ottawa Ontario Canada, entered into an Asset Purchase Agreement, pursuant to which the Company acquired substantially all of the assets of Executive Fitness Leaders in exchange for the issuance, by the Company, of 384,110 restricted shares of its common stock valued at \$233,155. The purchase price was allocated to furniture and equipment of \$7,772 and goodwill of \$225,383. The transaction closed on December 1, 2017. The purchase of these assets was not considered significant for accounting purposes; therefore, pro forma financial statements are not presented.

Note 11 – Subsequent Events

Michael Gaynor Resignation

On March 15, 2018, Michael Gaynor resigned his position as the Company's Treasurer. Mr. Gaynor will continue to act as the Company's Secretary and as a member of the Company's board of directors.

Emily Mattacchione Appointment

Effective March 15, 2018, Emily Mattacchione was appointed as the Company's Treasurer. ALMC-ASAP Holdings, Inc. ("ALMC-ASAP") owns approximately 59.1% of the Company's outstanding common stock. ALMC-ASAP's shares are held by the Mattacchione Family Trust. Ms. Mattacchione and her spouse, Robert Mattacchione, are co-trustees of the Mattacchione Family Trust and share voting and depository power over the ALMC-ASAP shares.

At August 31, 2017 and February 28, 2018, the Company had a debenture totaling \$2,396,400 and \$585,600, respectively, due to ICC Healthnet Canada, Inc. Also, at August 31, 2017 and February 28, 2018, the Company had a debenture totaling \$1,597,600 and \$390,400 respectively, due to Healthnet Assessment Inc. Each of ICC Healthnet Canada, Inc. and Healthnet Assessment Inc. is owned by Mr. Mattacchione, Ms. Mattacchione's spouse. The conversion rate used for the respective periods August 31, 2017 and February 28, 2018 is \$0.7988 and \$0.7808.

Amendment of Brands Letter of Intent

On December 26, 2017, the Company entered into a binding letter of intent (the "LOI") with Brands International Corporation ("Brands"), pursuant to which the Company agreed to acquire 60% of the issued and outstanding shares of Brands in exchange for the arrangement of secured debt financing in the amount of CAD\$2,350,000 (approximately \$1,873,256 per the Bank of Canada posted exchange rate of 0.7977 on December 29, 2017) arranged or provided by the Company (the "Acquisition"). Upon completion of the Acquisition, the Company will own 60% of Brands' issued and outstanding shares and Brands will be a majority-owned subsidiary of the Company. In connection with the Acquisition, the Company will enter into a shareholder agreement with Mark Rubinoff and a management agreement with Mark Rubinoff and DJ Rubinoff. In addition, pursuant to the terms of the LOI, the Company agreed to provide Mark Rubinoff with a buyout structure for the remaining 40% of Brands' shares with a trigger date of 24 months from the closing of the Acquisition.

The parties to the LOI agreed to proceed reasonably and in good faith toward negotiation and execution of a definitive acquisition agreement, and to use their commercially reasonable best efforts to obtain necessary board, stockholder and regulatory approvals and third party consents.

The LOI provided for a termination date of January 30, 2018. On January 30, 2018, the Company and Brands executed a letter agreement (the "Letter Agreement") that had the effect of amending the LOI to extend the termination date to March 20, 2018.

On March 16, 2018, the Company and Brands executed Amendment #2 to the LOI, as amended, that had the effect of amending the LOI to extend the termination date to April 20, 2018. The terms of the LOI, as amended, otherwise remain in full force and effect.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provide a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or oral statements that are "forward-looking," including statements contained in this report and other filings with the Securities and Exchange Commission ("SEC") and in our reports and presentations to stockholders or potential stockholders. In some cases forward-looking statements can be identified by words such as "believe," "expect," "anticipate," "plan," "potential," "continue" or similar expressions. Such forward-looking statements include risks and uncertainties and there are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors, risks and uncertainties can be found in the Part I, Item 1A, "Risk Factors" section of the Company's Form 10-K for the fiscal year ended August 31, 2017.

Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material effect on the future financial performance of the Company. The forward-looking statements in this report are made on the basis of management's assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances.

Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q and the information incorporated by reference in this report to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Overview of the Company

Novo Integrated Sciences, Inc. was incorporated in Delaware on November 27, 2000, under the name Turbine Truck Engines, Inc. On February 20, 2008, the Company was re-domiciled to the State of Nevada. Effective July 12, 2017, the Company's name was changed to Novo Integrated Sciences, Inc. When used herein, the terms the "Company," "we," "us" and "our" refer to Novo Integrated Sciences, Inc. and its consolidated subsidiaries.

We provide specialized physiotherapy, chiropractic care, occupational therapy, eldercare, laser therapeutics, massage therapy, acupuncture, chiropodist, neurological functions, kinesiology, private personal training and dental services to our clients. Our multi-disciplinary primary healthcare services and protocols are directed at assessment, treatment, management, rehabilitation and prevention through our 14 corporate owned clinics, 150 affiliate clinics, retirement homes, long-term care facilities and institutional locations throughout Canada. Directly and indirectly through our contractual relationships, we provide our specialized services to over 300,000 patients annually. No employee of the Company or any of its subsidiaries practices primary care medicine and the Company's services do not require a medical or nursing license.

Our strict adherence to public regulatory standards, as well as self-imposed standards of excellence, have allowed us to navigate with ease through the industry's licensing and regulatory framework. Compliant treatment, data and administrative protocols are managed through a team of highly-trained, certified healthcare and administrative professionals. Novo Healthnet Limited, our wholly owned subsidiary ("NHL"), and its direct and indirect subsidiaries are regulated under the Financial Services Commission of Ontario ("FSCO"). In 2013, NHL received its accreditation from the Commission on Accreditation of Rehabilitation Facilities ("CARF"). Currently, NHL is undergoing the CARF re-accreditation process.

Recent Developments

Share Exchange Agreement

On April 25, 2017 (the "Effective Date"), the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") by and between (i) the Company; (ii) NHL, (iii) ALMC-ASAP Holdings Inc. ("ALMC"); (iv) Michael Gaynor Family Trust (the "MGFT"); (v) 1218814 Ontario Inc. ("1218814") and (vi) Michael Gaynor Physiotherapy Professional Corp. ("MGPP," and together with ALMC, MGFT and 1218814, the "NHL Shareholders"). Pursuant to the terms of the Share Exchange Agreement, the Company agreed to acquire from the NHL Shareholders all of the shares of both common and preferred stock of NHL, held by the NHL Shareholders, in exchange for the issuance by the Company to the NHL Shareholders of shares of the Company's common stock, such that following the closing of the Share Exchange Agreement, the NHL Shareholders would own 167,797,406 restricted shares of Company common stock, representing 85% of the issued and outstanding Company common stock, calculated including all granted and issued options or warrants to acquire the Company common stock as of the Effective Date, but to exclude shares of Company common stock that are subject to a then-current Regulation S offering that was undertaken by the Company (the "Exchange").

On May 9, 2017, the Exchange closed and, as a result, NHL became a wholly owned subsidiary of Novo Integrated Sciences, Inc.

Increase in Size of Board of Directors; Officer and Director Changes

In connection with the Exchange closing, our Board of Directors increased the size of the Board, such that the size of the Board is currently comprised of three members.

On May 9, 2017, in connection with the Exchange, (i) Enzo Cirillo resigned his positions as the Company's Chairman of the Board, a member of the Board of Directors and Interim Chief Executive Officer, (ii) Christopher David resigned his position as the Company's Secretary and Treasurer, and (iii) Judith Norstrud resigned her position as the Company's Principal Financial Officer and Principal Accounting Officer. Mr. David retained his responsibilities as the Company's President and as a member of the Company's Board of Directors.

Also on May 9, 2017, the Board appointed Dr. Pierre Dalcourt, D.C. and Mr. Michael Gaynor as directors, and Ms. Klara Radulyne, CPA as the Company's Principal Financial Officer, effective immediately. Mr. Gaynor is the trustee of MGFT. As a result of the Exchange, MGFT acquired 16,779,740 shares of the Company's common stock, which represented approximately 8.5% of the Company's outstanding common stock as of the date of the closing of the Exchange. As of the closing date of the Exchange, the value of MGFT's stock ownership was \$14,094,982, based on the closing price of the Company's common stock of \$0.84 on May 9, 2017. Dr. Dalcourt is the President and 50% owner of 1218814. Amanda Dalcourt, NHL's Chief Executive Officer and Dr. Dalcourt's spouse, also is a 50% owner of 1218814. As a result of the Exchange, 1218814 acquired 31,881,507 shares of the Company's common stock, which represented approximately 16.2% of the Company's outstanding common stock as of the date of the closing of the Exchange. As of the closing date of the Exchange, the value of 1218814's stock ownership was \$26,780,466, based on the closing price of the Company's common stock of \$0.84 on May 9, 2017. The value of each of Dr. Dalcourt's and Ms. Dalcourt's ownership interests in 1218814's Company common stock as of May 9, 2017, based on the closing price of the Company's common stock on May 9, 2017, was \$13,390,233.

Acquisition of Executive Fitness Leaders

On December 1, 2017, the Company and Executive Fitness Leaders, located in Ottawa Ontario Canada, entered into an Asset Purchase Agreement, pursuant to which the Company acquired substantially all of the assets of Executive Fitness Leaders in exchange for the issuance of 384,110 restricted shares of its common stock valued at approximately \$233,155. The transaction closed on December 1, 2017. The purchase of these assets was not considered significant for accounting purposes; therefore, pro forma financial statements are not presented.

Extension of Due Date of Debentures

On December 2, 2017, the Company and certain related party debenture holders of five debentures totaling \$5,114,327 (CAD\$6,402,512) dated September 30, 2013 with an original due date of September 30, 2016 (see financial note 7 for further details) agreed to extend the due date of the debentures to September 30, 2019.

Agreement to Convert Debentures

On December 5, 2017, the related party debenture holders and the Company signed a binding Letter of Intent to convert no less than 75% of the debenture value, plus any interest or fees owed, to the Company's common stock. The per share price to be used for the conversion of each debenture will be the average price of the five trading days immediately preceding the date of conversion with a 10% premium added to the calculated per share price.

Brands International Corporation Letter of Intent

On December 26, 2017, the Company entered into a binding letter of intent (the “LOI”) with Brands International Corporation (“Brands”), pursuant to which the Company agreed to acquire 60% of the issued and outstanding shares of Brands in exchange for the arrangement of secured debt financing in the amount of CAD\$2,350,000 (approximately \$1,873,256 per the Bank of Canada posted exchange rate of 0.7977 on December 29, 2017) arranged or provided by the Company (the “Acquisition”). Upon completion of the Acquisition, the Company will own 60% of Brands’ issued and outstanding shares and Brands will be a partially-owned subsidiary of the Company. In connection with the Acquisition, the Company will enter into a shareholder agreement with Mark Rubinoff and a management agreement with Mark Rubinoff and DJ Rubinoff. In addition, pursuant to the terms of the LOI, the Company agreed to provide Mark Rubinoff with a buyout structure for the remaining 40% of Brands’ shares with a trigger date of 24 months from the closing of the Acquisition.

The parties to the LOI agreed to proceed reasonably and in good faith toward negotiation and execution of a definitive acquisition agreement (a “Definitive Agreement”), and to use their commercially reasonable best efforts to obtain necessary board, stockholder and regulatory approvals and third party consents.

The parties to the LOI also agreed that from the date of the LOI until the earlier of January 30, 2018 (the “Termination Date”) and the date the parties enter into a Definitive Agreement, the parties and their respective directors, officers, agents and representatives will not:

- solicit, initiate or encourage the initiation of any expression of interest, inquiries or proposals regarding, constituting or that may reasonably be expected to lead to any merger, amalgamation, takeover bid, tender offer, arrangement, recapitalization, liquidations, dissolution, share exchange, sale of material assets involving the parties or a proposal or offer to do so (the “Acquisition Proposal”) (including without limitation, any grant of an option or other right to take any such action);
- participate in any discussions or negotiations regarding an Acquisition Proposal;
- accept or enter into, or propose publicly to accept or enter into, any agreement, letter of intent, memorandum of understanding or any arrangement in respect of an Acquisition Proposal; and
- otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any person to do any of the foregoing.

In addition, Brands agreed not to solicit funds in any secured or unsecured debt form resulting in a change in the company’s financials unless the Company is made aware of such solicitation in writing.

If the Definitive Agreement is not negotiated and executed by both parties on or before the Termination Date, or such other date as agreed to by the parties in writing, the terms of the LOI will be of no further force or effect except for the confidentiality, costs and governing laws provisions, which sections will remain in effect for a period of one year following the date on which the LOI is terminated.

On January 30, 2018, the Company and Brands executed a letter agreement that had the effect of amending the LOI to extend the termination date to March 20, 2018. On March 16, 2018, the Company and Brands executed Amendment #2 to the LOI, as amended, that had the effect of amending the LOI to extend the termination date to April 20, 2018. The terms of the LOI, as amended, otherwise remain in full force and effect.

David Employment Agreement & Option Grant

On December 29, 2017, the Company entered into an employment agreement (the “Employment Agreement”) with Christopher David, the Company’s President and a member of the board of directors, effective January 1, 2018. The Employment Agreement terminates on July 30, 2018, subject to the termination provisions contained in the Employment Agreement.

Pursuant to the terms of the Employment Agreement, Mr. David agreed to serve as the Company’s President. In consideration thereof, the Company agreed to (i) pay Mr. David a monthly salary of \$8,000, and (ii) grant Mr. David a 5-year option (the “Option”) to purchase 2,000,000 shares of the Company’s restricted common stock at an exercise price of \$0.42 per share. The Option vested on December 29, 2017.

Pursuant to the terms of the Employment Agreement, the Company may terminate Mr. David at any time, with or without Cause (as defined below); provided, however, that if the Company terminates Mr. David without Cause:

(a) The Option shall be deemed fully vested effective as of December 29, 2017, and is not subject to revocation or return, and

(b) The Company will continue to owe Mr. David his monthly salary through July 30, 2018.

“Cause” means Mr. David must have (i) been willful, gross or persistent in his inattention to his duties or he committed acts which constitute willful or gross misconduct and, after written notice of the same, has been given the opportunity to cure the same within 30 days after such notice, and (ii) been found guilty of having committed a fraud against the Company.

On December 29, 2017, the Company granted the Option to Mr. David pursuant to that certain Option to Purchase Common Stock (the “Option Agreement”). The Option Agreement provides for the cashless exercise of all or a portion of the Option, or exercise through payment of the exercise price in cash.

2018 Incentive Plan

On January 16, 2018, the Company adopted the Novo Integrated Sciences, Inc. 2018 Incentive Plan (the “2018 Plan”). Under the 2018 Plan, 10,000,000 shares of common stock are authorized for issuance employees, non-employee directors and key consultants to the Company or its subsidiaries. The 2018 Plan authorizes equity-based and cash-based incentives for participants. There were 9,950,000 shares available for award at February 28, 2018 under the 2018 Plan.

Debt Conversion

On September 30, 2013, NHL issued five debentures totaling approximately \$4,968,990 (CAD\$6,402,512) at November 30, 2017 in connection with the acquisition of certain business assets. The holders of the debentures are current stockholders, officers and/or affiliates of the Company. The debentures are secured by all the assets of the Company, accrue interest at 8% per annum and were originally due on September 30, 2016. On December 2, 2017, the debenture holders agreed to extend the due date to September 30, 2019.

On December 5, 2017, the debenture holders, NHL and the Company signed a binding letter of intent to convert no less than 75% of the respective debenture value plus any interest or fees owed to the Company’s common stock and a per share price equal to the average price of the five trading days immediately preceding the date of conversion with a 10% premium added to the calculated per share price.

On January 31, 2018, each of the debenture holders entered into a debenture amendment with NHL and the Company pursuant to which (i) each debenture holder agreed to convert 75% of the amount owed, both principal and interest, under the respective debenture into shares of Company common stock in lieu of accepting a cash payment for 75% of the amount owed, both principal and interest, and (ii) NHL and the Company agreed to issue to each debenture holder shares of common stock at a Canadian-to-United States dollar exchange rate of 0.8111.

NHL and ALMC-ASAP Holdings Inc. (“ALMC”) are parties to that certain loan agreement dated as of January 19, 2016, as amended (the “Loan Agreement”), totaling approximately \$875,988 (CAD\$1,080,000). On January 31, 2018, ALMC, NHL and the Company entered into an amendment to the Loan Agreement pursuant to which (i) ALMC agreed to convert 75% of the amount owed, both principal and interest, under the Loan Agreement into shares of Company common stock in lieu of accepting a cash payment for 75% of the amount owed, both principal and interest, and (ii) NHL and the Company agreed that the Company would issue to ALMC shares of the Company’s common stock at a Canadian-to-United States dollar exchange rate of 0.8111.

As a result, on January 31, 2018, the Company issued an aggregate of 12,452,346 shares of common stock to the debenture holders and ALMC.

Officer Changes

On February 1, 2018, Amanda Dalcourt resigned her position as Chief Executive Officer of NHL. Effective February 1, 2018, Ms. Dalcourt will serve as Executive Vice-President of Novo Healthnet Limited's Eldercare and Long-Term Care divisions and of Novo Peak Health. Also, effective February 1, 2018, Pierre Dalcourt, the Company's Chairman of the Board, was appointed as Novo Healthnet's President.

On March 15, 2018, Michael Gaynor resigned his position as the Company's Treasurer. Mr. Gaynor will continue to act as the Company's Secretary and as a member of the Company's board of directors. Effective March 15, 2018, Emily Mattacchione was appointed as the Company's Treasurer. ALMC-ASAP Holdings, Inc. ("ALMC-ASAP") owns approximately 59.1% of the Company's outstanding common stock. ALMC-ASAP's shares are held by the Mattacchione Family Trust. Ms. Mattacchione and her husband, Robert Mattacchione, are co-trustees of the Mattacchione Family Trust and share voting and depository power over the ALMC-ASAP shares.

At August 31, 2017 and February 28, 2018, the Company had a debenture totaling \$2,396,400 and \$585,600, respectively, due to ICC Healthnet Canada, Inc. Also, at August 31, 2017 and February 28, 2018, the Company had a debenture totaling \$1,597,600 and \$390,400 respectively, due to Healthnet Assessment Inc. Each of ICC Healthnet Canada, Inc. and Healthnet Assessment Inc. is owned by Mr. Mattacchione, Ms. Mattacchione's husband. The conversion rate used for the respective periods August 31, 2017 and February 28, 2018 is \$0.7988 and \$0.7808.

For the three months ended February 28, 2018 compared to the three months ended February 28, 2017

Revenues for the three months ended February 28, 2018 were \$2,145,919, representing an increase of \$311,299, or 17.0%, from \$1,834,620 for the same period in 2017. The increase in revenue is principally due to the Company's entry into new occupational therapy service contracts in January 2017 and the acquisitions of Apka Health, Inc. in April 2017 and Executive Fitness Leaders in December 2017.

Cost of revenues for the three months ended February 28, 2018 were \$1,307,596, representing an increase of \$117,688, or 9.9%, from \$1,189,908 for the same period in 2017. The increase in cost of revenues is principally due to the increase in revenues. Cost of revenues as a percentage of revenue was 60.9% for the three months ended February 28, 2018 and 64.9% for same period in 2017. The decrease in cost of revenues as a percentage of revenue is principally due to slightly lower costs.

Operating costs for the three months ended February 28, 2018 were \$1,965,080, representing an increase of \$1,367,443, or 228.8%, from \$597,637 for the same period in 2017. The increase in operating costs is attributed to stock-based compensation of \$966,751 for the three months ended February 28, 2018 (there was no stock-based compensation for the same period in 2017), as well as an increase in both operating payroll expenses and professional fees.

Interest expense for the three months ended February 28, 2018 was \$304,132, representing an increase of \$189,515, or 165.3%, from \$114,617 for the same period in 2017. The increase for the three months ended February 28, 2018 is due to interest on debt obligations.

Net loss for the three months ended February 28, 2018 was \$1,376,513, representing an increase of \$1,319,981, or 2,335%, from \$56,532 for the same period in 2017. The increase in net loss is due to the reasons described above.

For the six months ended February 28, 2018 compared to the six months ended February 28, 2017

Revenues for the six months ended February 28, 2018 were \$4,399,656, representing an increase of \$746,897, or 20.4%, from \$3,652,759 for the same period in 2017. The increase in revenue is principally due to the Company's entry into new occupational therapy service contracts in January 2017 and the acquisitions of Apka Health, Inc. in April 2017 and Executive Fitness Leaders in December 2017.

Cost of revenues for the six months ended February 28, 2018 were \$2,715,289, representing an increase of \$361,268, or 15.3%, from \$2,354,021 for the same period in 2017. The increase in cost of revenues is principally due to the increase in revenues. Cost of revenues as a percentage of revenue was 61.7% for the six months ended February 28, 2018 and 64.4% for same period in 2017. The decrease in cost of revenues as a percentage of revenue is principally due to slightly lower costs.

Operating costs for the six months ended February 28, 2018 were \$2,983,494, representing an increase of \$1,794,692, or 151.0%, from \$1,188,802 for the same period in 2017. The increase in operating costs is attributed to stock-based compensation of \$1,109,416 for the six months ended February 28, 2018 (there was no stock-based compensation for the same period in 2017), as well as an increase in both operating payroll expenses and professional fees.

Interest expense for the six months ended February 28, 2018 was \$438,285, representing an increase of \$206,580, or 89.2%, from \$231,705 for the same period in 2017. The increase for the six months ended February 28, 2018 is due to interest on debt obligations and interest related to payroll withholdings originating in fiscal years 2014 and 2015.

Net loss for the six months ended February 28, 2018 was \$1,737,201, representing an increase of \$1,637,420, or 1,641%, from \$99,781 for the same period in 2017. The increase in net loss is due to the reasons described above.

Liquidity and Capital Resources

As shown in the accompanying financial statements, for the six months ended February 28, 2018, the Company had a net loss of \$1,737,201.

During the six months ended February 28, 2018, the Company used cash in operating activities of \$474,933 compared to \$106,141 for the same period in 2017. The principal reason for the increase is the additional net loss incurred during the six months ended February 28, 2018 as compared to the same period in 2017 and a larger increase in operating assets and liabilities during the six months ended February 28, 2018 compared to the same period in 2017.

During the six months ended February 28, 2018, the Company used cash in investing activities of \$82,646 compared to cash provided by investing activities of \$360,230 for the same period in 2017. The principal reason for the change is the repayment of other receivables during the six months ended February 28, 2017.

During the six months ended February 28, 2018, the Company used cash of \$270,511 from financing activities compared to \$260,300 for the same period in 2017. The principal reason for the decrease is due to repayments of amounts due to related parties.

On March 8, 2017, the Company sold 33,333 restricted shares of common stock to 2367416 Ontario, Inc. The shares were sold at a price of \$0.45 per share, for an aggregate purchase price of \$15,000. This sale of 33,333 restricted shares occurred prior to the share exchange as described above. The \$15,000 was provided to fund the Company's ongoing operational and product development expenses. At the time of the sale, Enzo Cirillo was the Company's Interim CEO, Chairman of the Board and a greater than 10% shareholder of the Company's common stock, as well as the principal partner of 2367416 Ontario, Inc. Effective May 9, 2017, Mr. Cirillo resigned as an officer and director of the Company. Additionally, with the closing of the Share Exchange Agreement between the Company and Novo Healthnet Limited, Mr. Cirillo is no longer a greater than 10% shareholder of the Company's common stock.

On May 19, 2017, the Company sold 8,368,500 restricted shares of common stock to an aggregate of 23 accredited investors. The shares were sold at a price of \$0.30 per share, for an aggregate purchase price of \$2,510,550. The \$2,510,550 was provided to fund the Company's ongoing operational and product development expenses. The shares were issued in reliance upon the exemptions provided by Regulation S promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act"). The issuances involved offers and sales of securities outside the United States. The offers and sales were made in offshore transactions and no directed selling efforts were made by the issuer, a distributor, their affiliates or any persons acting on their behalf.

On June 20, 2017, the Company sold 2,140,839 restricted shares of common stock to an aggregate of 12 accredited investors. The shares were sold at a price of \$0.30 per share, for an aggregate purchase price of \$642,250. The \$642,250 was provided to fund the Company's ongoing operational and product development expenses. The shares were issued in reliance upon the exemptions provided by Regulation S promulgated pursuant to the Securities Act. The issuances involved offers and sales of securities outside the United States. The offers and sales were made in offshore transactions and no directed selling efforts were made by the issuer, a distributor, their affiliates or any persons acting on their behalf.

On August 24, 2017, the Company sold 779,202 restricted shares of common stock to an aggregate of three accredited investors. The shares were sold at a price of \$0.30 per share, for an aggregate purchase price of \$233,760. The \$233,760 was provided to fund the Company's ongoing operational and product development expenses. The shares were issued in reliance upon the exemptions provided by Regulation S promulgated pursuant to the Securities Act. The issuances involved offers and sales of securities outside the United States. The offers and sales were made in offshore transactions and no directed selling efforts were made by the issuer, a distributor, their affiliates or any persons acting on their behalf.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We believe that the following critical policies affect our more significant judgments and estimates used in preparation of our financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Noncontrolling Interest

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation*, which governs the accounting for and reporting of non-controlling interests ("NCIs") in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability, that increases and decreases in the parent's ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance.

The net income (loss) attributed to the NCI is separately designated in the accompanying consolidated statements of operations and other comprehensive income (loss).

Revenue Recognition

Revenue related to healthcare services provided is recognized at the time services have been performed. Gross service revenue is recorded in the accounting records on an accrual basis at the provider's established rates, regardless of whether the health care entity expects to collect that amount. The Company will reserve a provision for contractual adjustment and discounts and deduct from gross service revenue. The Company believes that recognizing revenue at the time the services have been performed is appropriate because the Company's revenue policies meet the following four criteria in accordance with FASB ASC 605, *Revenue Recognition*: (i) persuasive evidence that arrangement exists, (ii) services has occurred, (iii) the price is fixed and determinable and (iv) collectability is reasonably assured. The Company reports revenues net of any sales, use and value added taxes.

Stock-Based Compensation

The Company records stock-based compensation in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*. FASB ASC Topic 718 requires companies to measure compensation cost for stock-based employee compensation at fair value at the grant date and recognize the expense over the requisite service period. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with ASC Topic 260, *Earnings Per Share*. Basic earnings per share ("EPS") is based on the weighted average number of common shares outstanding. Diluted EPS is based on the assumption that all dilutive securities are converted. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Foreign Currency Transactions and Comprehensive Income

U.S. GAAP generally requires recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company's Canadian subsidiaries is the Canadian \$. Translation gains (losses) are classified as an item of other comprehensive income in the stockholders' equity section of the balance sheet.

New Accounting Pronouncements

In January 2017, the FASB issued an Accounting Standards Update ("ASU") 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for interim and annual periods beginning after December 15, 2017 and should be applied prospectively on or after the effective date. The Company is in the process of evaluating the impact of this accounting standard update.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents on the statement of cash flows and disclosure of how the statement of cash flows reconciles to the balance sheet if restricted cash is shown separately from cash and cash equivalents on the balance sheet. ASU 2016-18 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance for targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its statements of cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

Recent accounting pronouncements issued by the FASB, the AICPA and the Securities and Exchange Commission did not or are not believed by management to have a material effect on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

The Company's President and Principal Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of February 28, 2018. Based upon such evaluation, the Company's President and Principal Financial Officer have concluded that, as of February 28, 2018, the Company's disclosure controls and procedures were not effective. The Company's disclosure controls and procedures were determined to be ineffective due to the lack of segregation of duties. Currently, management contracts with an outside certified public accountant to assist the Company with preparation of its filings required pursuant to the Exchange Act.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 of the Exchange Act that occurred during the fiscal quarter ended February 28, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as set forth herein, as of the date of this Quarterly Report on Form 10-Q, there are no material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or which our property is the subject. In addition, none of our officers, directors, affiliates or 5% stockholders (or any associates thereof) is a party adverse to us, or has a material interest adverse to us, in any material proceeding.

The Company is currently involved in litigation in Taiwan, wherein the Company engaged Formosan Brothers, a Taiwan-based law firm, to file a criminal complaint with the Taipei, Taiwan District Prosecutors Office (the "Prosecutor") seeking criminal charges against the principal partners of ETS, Mr. Chen, Chong-Ping ("Alan Chen") and Huang, Ren-Ju ("Mr. Huang") for fraud in connection with their actions related to the Company's business initiative to commercialize the HPBS technology in Asia.

On December 25, 2015, the Company received a written ruling from the Taiwan District Prosecutor's Office that it had declined to prosecute Alan Chen and Mr. Huang for criminal fraud.

On January 4, 2016, the Company filed an appeal to the Taiwan High Prosecution Office. On February 1, 2016, the Company's appeal was granted and the case was returned to the Taiwan District Court Prosecutor with instructions to conduct a new investigation of the facts and evidence. The Company intends to continue to pursue this matter until a final resolution is obtained.

On June 12, 2017, Mr. Chen was indicted and charged with criminal fraud and the Company was informed that Mr. Huang will not be indicted.

On the recommendation of both the Company's Taiwan attorneys and the judge overseeing the criminal fraud case against Mr. Chen, the Company filed an ancillary civil action against Mr. Chen allowing the judge overseeing the criminal fraud case to initiate a mediation proceeding between the Company and Mr. Chen for a potential financial settlement. Mr. Chen did not appear for an August 1, 2017 mediation hearing but did appear for the subsequent criminal hearing. The defendant pleaded not guilty and the judge notified both parties the case will proceed to trial.

In late August 2017, the Company filed a Confiscation Application with the Taiwan Taipei District Court requesting the prosecutor's office search for and confiscate any assets the prosecutor can locate in the name of Alan Chen as security for the compensation to the Company pending the criminal trial's outcome. As of the date of this filing, the Company is awaiting the results of this Confiscation Application.

On November 23, 2017, Mr. Chen and the Company's legal team appeared for a hearing to determine accepted facts and any additional evidence. The next court date is scheduled for April 26, 2018.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 31, 2018, the Company issued an aggregate of 12,452,346 shares of common stock to certain related parties in connection with conversion by such related parties of outstanding debentures and/or loans.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There have been no defaults in any material payments during the covered period.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) There have been no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors since the Company last provided disclosure in response to the requirements of Item 407(c) (3) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
31.1	<u>Rule 13a-14(a) Certification of Principal Executive Officer</u>
31.2	<u>Rule 13a-14(a) Certification of Principal Financial Officer</u>
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Principal Executive Officer and Principal Financial Officer</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereto duly authorized:

NOVO INTEGRATED SCIENCES, INC.

Dated: April 12, 2018

By: /s/ Klara Radulyne

Klara Radulyne
Principal Financial Officer

CERTIFICATIONS

I, Christopher David, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended February 28, 2018 of Novo Integrated Sciences, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; and
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 12, 2018

By: /s/ Christopher David

Christopher David
President (principal executive officer)

CERTIFICATIONS

I, Klara Radulyne, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended February 28, 2018 of Novo Integrated Sciences, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; and
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 12, 2018

By: /s/ Klara Radulyne

Klara Radulyne
Principal Financial Officer

**CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Novo Integrated Sciences, Inc. (the “Company”) on Form 10-Q for the quarter ended February 28, 2018 as filed with the Securities and Exchange Commission (the “Report”), I, Christopher David, President of the Company, and I, Klara Radulyne, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: April 12, 2018

/s/ Christopher David

Christopher David, President
(principal executive officer)

/s/ Klara Radulyne

Klara Radulyne, Principal Financial Officer
(principal financial officer)

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.
