Nova Leap Health Corp. Announces Execution of Definitive Agreement to Acquire Home Care Business in New England

written by Raj Shah | September 4, 2020

September 3, 2020 (Source) – NOVA LEAP HEALTH CORP. (TSXV: NLH) ("Nova Leap" or "the Company"), a 2019 TSX Venture 50™ ranked company focused on the home health care industry, is pleased to announce that it has executed a definitive agreement (the "Agreement"), dated September 3, 2020, to acquire a home care services company ("the Target") located in the New England region of the United States. The Target reported unaudited revenues of approximately $1.697 million, and EBITDA of approximately $155,000 for the year ended September 30, 2019. All amounts are in United States Dollars ("USD") unless otherwise specified.

Under the terms of the Agreement, the acquisition is to be made for total consideration of $660,000 of which $465,000 is payable with cash on closing and $195,000 is by way of a promissory note repayable over a three-year period bearing interest of 5% per annum. The promissory note will be secured by a corporate guarantee by Nova Leap Health Corp. and are subordinated to Nova Leap's primary commercial lender. Closing of the acquisition is subject to final due diligence and state licensing. The acquisition is at arm's length and there are no finder's fees to be paid.

"We have been very successful in the New England region," said

Chris Dobbin, President & CEO of Nova Leap. “Upon closing, this acquisition furthers our growth while allowing us to expand to a new area within the region. Nova Leap is well positioned to capitalize on the demand for private pay in-home care and we expect further growth from the region.”

About Nova Leap

Nova Leap is an acquisitive home health care services company operating in one of the fastest-growing industries in the U.S. & Canada. The Company performs a vital role within the continuum of care with an individual and family centred focus, particularly those requiring dementia care. Nova Leap achieved the #10 Ranking in the 2019 TSX Venture 50™ in the Clean Technology & Life Sciences sector. The Company is geographically diversified with operations in 6 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma and Ohio as well as Nova Scotia, Canada.

NON-GAAP MEASURES:

Earnings before interest, taxes, depreciation and amortization (“EBITDA”), is calculated as the net loss, before acquisition and transaction costs, non-cash expenses (including loss from disposal of assets, impairments, amortization and depreciation and stock-based compensation), interest expense, net of interest income and income tax expense.

FORWARD LOOKING INFORMATION:

Certain information in this press release may contain forward-looking statements, such as statements regarding future expansions and cost savings, the Company’s expected annualized recurring revenue run rate and plans regarding future acquisitions and financings. This information is based on current expectations and assumptions, including assumptions

concerning general economic and market conditions, availability of working capital necessary for conducting Nova Leap's operations, and Nova Leap's ability to integrate its acquired businesses and maintain previously achieved service hour and revenue levels, that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Risks that could cause results to differ from those stated in the forward-looking statements in this release include the impact of the COVID-19 pandemic or any recurrence, including government regulations or voluntary measures limiting the Company's ability to provide care to clients (such as shelter-in-place orders, isolation or quarantine orders, distancing requirements, or closures or restricted access procedures at facilities where clients reside), increased costs associated with personal protective equipment and sanitization supplies, staff and supply shortages; regulatory changes affecting the home care industry, other unexpected increases in operating costs and competition from other service providers. All forward-looking statements, including any financial outlook or future-oriented financial information, contained in this press release are made as of the date of this release and included for the purpose of providing information about management's current expectations and plans relating to the future. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in the Company's filings with the Canadian securities regulators, which filings are available at www.sedar.com.

CAUTIONARY STATEMENT:

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.