Nova Leap Health Corp. Announces Execution of Definitive Agreement to Acquire Home Care Services Business in Eastern Canada, Anticipates Significant Increase in Revenues

written by Raj Shah | April 3, 2018

April 3, 2018 (Source) – NOVA LEAP HEALTH CORP. (TSXV:NLH) ("Nova Leap" or "the Company") is pleased to announce that it has executed a definitive agreement (the "Agreement"), dated March 28, 2018, to acquire a private home care services company ("the Target") located in Eastern Canada from an arm's length party. The Target reported unaudited revenues of approximately $2.42 million, net income of $0.14 million and adjusted EBITDA of $0.43 million for the year ended December 31, 2017. The Target also reported $0.41 million assets, $0.39 million of liabilities and $0.02 million equity as at December 31, 2017 (unaudited). All amounts are in United States dollars ("USD") unless otherwise specified.

Under the terms of the Agreement, the acquisition of shares is to be made for total consideration of $2.144 million of which $1.875 million is payable with cash on closing and $0.269 million is by way of a promissory note repayable over a two-year

period. Closing the acquisition will be subject to financing, final due diligence and TSX Venture Exchange approval. The Company expects to raise a combination of debt and equity to fund the transaction.

Anticipated Increase in Revenues and Recurring Service Hours

Upon closing:

- The acquisition is expected to be immediately accretive;
- Factoring in the previously announced planned acquisition in New England, it is anticipated that:
  - Nova Leap's annual revenue run rate is expected to approach $11.4 million, an approximate 63% increase over the current revenue run rate;
  - Nova Leap is expected to approach 471,000 annualized recurring home care service hours, an approximate 68% increase from current levels;
  - Management will have exceeded previous guidance of exiting 2018 with a $10 million revenue run rate;
  - Nova Leap will have approximately 350 employees in Canada and the U.S.

"We are looking forward to entering the Canadian market with our first acquisition," said Chris Dobbin, President & CEO of Nova Leap. "The entry into Canada is in keeping with our long-term strategy of what we believe will be significant domestic and international expansion. We are successfully moving from a start-up company to a cash flow positive operation with scale."

About Nova Leap

The Home Care Providers industry is becoming one of the fastest growing healthcare industries in Canada and the United States. Home care saves patients billions of dollars every year by treating them in their own homes instead of in hospitals. An

aging population, the prevalence of chronic disease, growing physician acceptance of home care, medical advancements and a movement toward cost-efficient treatment options from public and private payers have all fostered industry growth. Nova Leap is focused on a highly fragmented market of small privately-held companies providing patients one on one care in their homes. Nova Leap's post-acquisition organic growth strategy is to increase annual revenue per location through a combination of increased employee investment, including training, focused sales and marketing efforts, billing rate increases, expansion of geographical coverage, and improved referral sources.

FORWARD LOOKING INFORMATION:

Certain information in this press release may contain forward-looking statements. This information is based on current expectations 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. 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.