Nova Leap Health Corp. Announces Execution of Definitive Agreement to Acquire Home Care Services Business in Eastern Canada

written by Raj Shah | April 2, 2019

April 2, 2019 (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 April 1, 2019, to acquire a home care services company ("the Target") located in Eastern Canada for $564,000. The Target reported unaudited revenues of approximately $1.82 million and had adjusted EBITDA of $0.127 million for the year ended December 31, 2018. All amounts are in United States Dollars ("USD") unless otherwise specified.

The acquisition is expected to be immediately accretive. Upon closing of the acquisition, which is targeted towards the end of April 2019, Nova Leap's annualized recurring revenue is expected to increase by approximately 11%.

Under the terms of the Agreement, the acquisition is to be made for total consideration of $564,000 of which $263,000 is payable with cash on closing and $301,000 is by way of a promissory note repayable over a four-year period. Included in the acquisition and purchase price is real estate valued at $70,000 that is used in the business. Closing the acquisition is subject to final

due diligence. A Letter of Intent and related information pertaining to this acquisition was previously announced on February 27, 2019.

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 centered focus, particularly those requiring dementia care. Nova Leap achieved 877% revenue growth in 2018 through a geographically focused expansion plan and 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 4 different U.S. states: Vermont, New Hampshire, Massachusetts, and Rhode Island as well as Halifax, Nova Scotia.

NON-GAAP MEASURE:

Annualized recurring revenue run rate is the expected annualized recurring revenue based on the most recent month's actual revenue for current operations multiplied by 12.

For acquisitions that closed subsequent to the reporting period or are expected to close and have been disclosed in a press release as material information, annual recurring revenue run rate is the expected annualized recurring revenue based on the most recent month's revenue for current operations multiplied by 12 plus the annual revenue based on the most recent financial information available for the newly acquired operations or operations which are expected to close and have been disclosed in a press release as material information.

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 the Company'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 regulatory changes affecting the home care industry, 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.