Nova Leap Health Corp. Announces Execution of Letter of Intent (LOI) to Acquire Home Care Services Business in Eastern Canada

written by Raj Shah | February 27, 2019

February 27, 2019 (Source) – NOVA LEAP HEALTH CORP. (TSXV: NLH) ("Nova Leap" or "the Company"), is pleased to announce that it executed a non-binding Letter of Intent ("LOI") on February 7, 2019 to acquire a home care services company ("the Target") located in Eastern Canada. 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 LOI, the acquisition is to be made for total consideration of $564,000 of which $188,000 is payable with cash on closing and $376,000 is by way of a promissory note repayable over a five-year period. Closing the acquisition is subject to a definitive asset purchase agreement and final due diligence.

“We are looking forward to working with this well-established agency,” said Chris Dobbin, President & CEO of Nova Leap. “We remain committed to our expansion plans in the U.S. and Canada and continue to be attracted to management teams who share our mission in home care”.

Appointment of Corporate Secretary

Effective March 31, 2019, Nova Leap announces that Megan Spidle has been appointed as Corporate Secretary of the Company, in addition to her role as Chief Financial Officer. Ms. Spidle will replace Glenn Jessome, who will be resigning to focus his efforts on other corporate clients and his public venture capital practice.

“I would like to thank Glenn for his contribution to Nova Leap since the early days of our journey,” said Chris Dobbin, President & CEO of Nova Leap Health Corp. “Glenn remains a shareholder in Nova Leap and we will continue to lean on him for advice. The change also reflects our appreciation for the significant contribution Megan has made to the Company and our confidence in her as a leader going forward.”

Announcement of Annual General Meeting (AGM)

Nova Leap’s AGM is scheduled to be held on April 26, 2019 in Halifax, Nova Scotia. Notice has been filed on SEDAR.

About Nova Leap

The Home Care Providers industry is becoming one of the fastest growing healthcare industries in the United States and Canada. 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.

NON-GAAP MEASURE:

Adjusted Earnings before interest, taxes, depreciation and amortization ("EBITDA"), is calculated as the net income before amortization and depreciation, interest expense, net of interest income and income tax expense.

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.

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:

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