

Nova Leap Health Corp. Announces Execution of Letter of Intent (LOI) to Acquire Home Care Services Business in the Northeastern U.S.

written by Raj Shah | January 10, 2018



TSXV: NLH

January 9, 2018 ([Source](#)) – NOVA LEAP HEALTH CORP. (TSX-V:NLH) (“Nova Leap” or “the Corporation”), is pleased to announce that it has executed a non-binding Letter of Intent (“LOI”) to acquire a home care services company (“the Target”) located in the

Northeastern United States. The Target reported unaudited revenues of approximately \$3.0 million and adjusted EBITDA of \$0.45 million for the year ended December 31, 2017. 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 for the first quarter of calendar 2018, Nova Leap’s annual revenue run rate is expected to approach \$7 million, an approximate 75% increase over current revenue run rate.

Under the terms of the LOI, the acquisition is to be made for total consideration of \$2.1 million of which \$1.8 million is payable with cash on closing and \$0.3 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, TSX Venture Exchange approval and a definitive purchase

agreement. The Corporation expects to raise a combination of debt and equity to fund the transaction.

“Upon closing, this acquisition would very much complement our existing operations in Vermont, New Hampshire, and Rhode Island,” said Chris Dobbin, President & CEO of Nova Leap. “The Target’s management team is very experienced and key individuals are expected to remain with Nova Leap. Our last two acquisitions have been integrating very well and we are now in position to accelerate our acquisition pace for the remainder of the year. I believe we have reached an inflection point in our young history and that our dedicated employees are well positioned to provide meaningful care in the homes of those we serve.”

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.