Nova Leap Health Corp. Announces Update on South Central U.S. Acquisition

written by Raj Shah | September 16, 2019



September 16, 2019 (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 provide an update regarding the definitive agreement (the "Agreement") to acquire a home care services company ("the Target") located in South Central U.S., as previously announced on June 24, 2019.

The terms of the Agreement have been amended. Under the terms of the amended Agreement, dated September 13, 2019, the acquisition is to be made for a maximum total consideration of $660,000 of which $345,000 is payable with cash on closing and up to $315,000 by way of a 3-year structured Earnout (the "Earnout"). This transaction structure replaces the previous structure which included $470,000 cash on closing and a $190,000 promissory note payable over a three-year period. The maximum total consideration of $660,000 remains unchanged.

Under the Earnout, the maximum potential annual payout in each of 2020, 2021, and 2022 is subject to a ceiling of $105,000 and is calculated based on gross service revenue of the acquired operations for the previous 12-month period, which begins October 1, 2019. The Earnout is also subject to a floor such that no payments will be made in a given year if gross service revenue falls below approximately $1 million for the preceding

12-month period.

The acquisition is expected to be immediately accretive and is subject to state licensing approval. The acquisition is expected to close early October 2019 and will be funded internally.

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.

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.