Nova Leap Health Corp. Completes Purchase of Massachusetts Home Care Business, Reaches 280,000 Annualized Recurring Service Hours and Provides Update on Integration of Previous Acquisitions

written by Raj Shah | February 26, 2018

February 26, 2018 (Source) – NOVA LEAP HEALTH CORP. (TSXV:NLH) ("Nova Leap" or "the Company"), a company focused on the home health care industry, has completed the acquisition of the business assets of Family Tree Home Care, Inc. ("the Vendor") located in Shrewsbury, Massachusetts for $2.1 million. The purchase price for the acquisition was paid with $0.45 million in cash, a demand loan of $1.35 million from a Canadian Schedule 1 Bank, and a $0.30 million promissory note issued to the Vendor. All amounts are in United States dollars unless otherwise specified. A Letter of Intent and related information pertaining to this acquisition was previously announced on January 9, 2018.

"We are excited to work with the team at Family Tree. The employees have a great history of providing meaningful care in

Massachusetts and we look forward to supporting them," said Chris Dobbin, President & CEO of Nova Leap. "It's an exciting time with our Company. While we have been growing rapidly, we have managed to attract terrific people to our organization, we have a strong pipeline of opportunities and we will continue with our plans to expand."

The Transaction

Nova Leap incorporated a subsidiary, Nova Leap Health MA, Inc., to acquire the business assets of Family Tree, including customer contracts and intellectual property, and will continue to operate under the name Family Tree Home Care. The acquisition represents Nova Leap's fourth investment in New England and first in Massachusetts. All existing employees are expected to remain with Family Tree Home Care to ensure continuity of client service. Nova Leap now has approximately 250 employees in Vermont, New Hampshire, Rhode Island and Massachusetts.

About Family Tree

Family Tree operates as a private duty home care agency offering non-medical services for families in Massachusetts. Revenues for the years ended 2017 and 2016 were $3.23 million and $3.45 million (unaudited), respectively.

Nova Leap Reaches 280,000 Annualized Recurring Home Care Service Hours

The acquisition of Family Tree is expected to be immediately accretive and, when combined with existing Nova Leap subsidiaries, is expected to result in 280,000 annualized recurring client service hours. The Family Tree recurring service hours represent an 85% increase over Nova Leap's current annualized recurring service hours and an 80% increase in

annualized recurring revenues.

Nova Leap’s annualized recurring revenue run rate is now in excess of $7 million. Client service hours are paid primarily by clients, the Department of Veteran Affairs or through long term care insurance plans.

Update on Integration of Previous Acquisitions

Nova Leap acquired All About Home Care (“AAHC”), with operations in Rhode Island, and Armistead Senior Care (“Armistead”), with operations in Vermont and New Hampshire, in September 2017 and October 2017, respectively. Both operations are performing well. Armistead’s 2018 recurring service hours are 8.6% ahead of budget for the first six weeks of 2018 and AAHC’s recurring service hours are 3.5% ahead of budget for the same period. Nova Leap is beginning to realize economies of scale in the operations and will continue to do so as new operations are integrated through shared resources.

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, such as statements regarding the increase in the Company's recurring client service hours, annualized recurring revenue and progress on integrating previous acquisitions. 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.

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