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Trading Symbol: TSX-V: NLH

Nova Leap Health Corp. Posts Financial Results for Second Quarter 2020

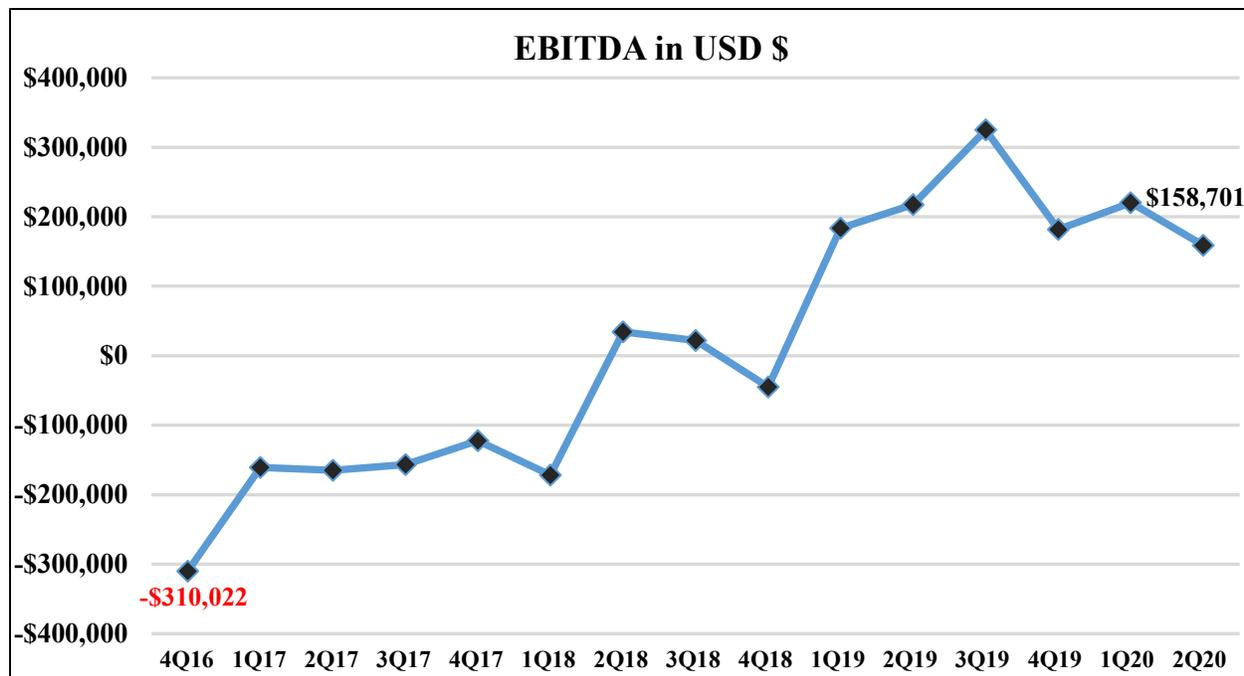
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HALIFAX, August 6, 2020 - NOVA LEAP HEALTH CORP. (TSXV: NLH) (“Nova Leap” or “the Company”), a 2019 TSX Venture 50™ ranked company focused on the home health care industry, is pleased to announce the release of financial results for the second quarter ended June 30, 2020. *All amounts are in United States dollars unless otherwise specified.*

Nova Leap Second Quarter of 2020

Highlights for the quarter ended June 30, 2020 included the following:

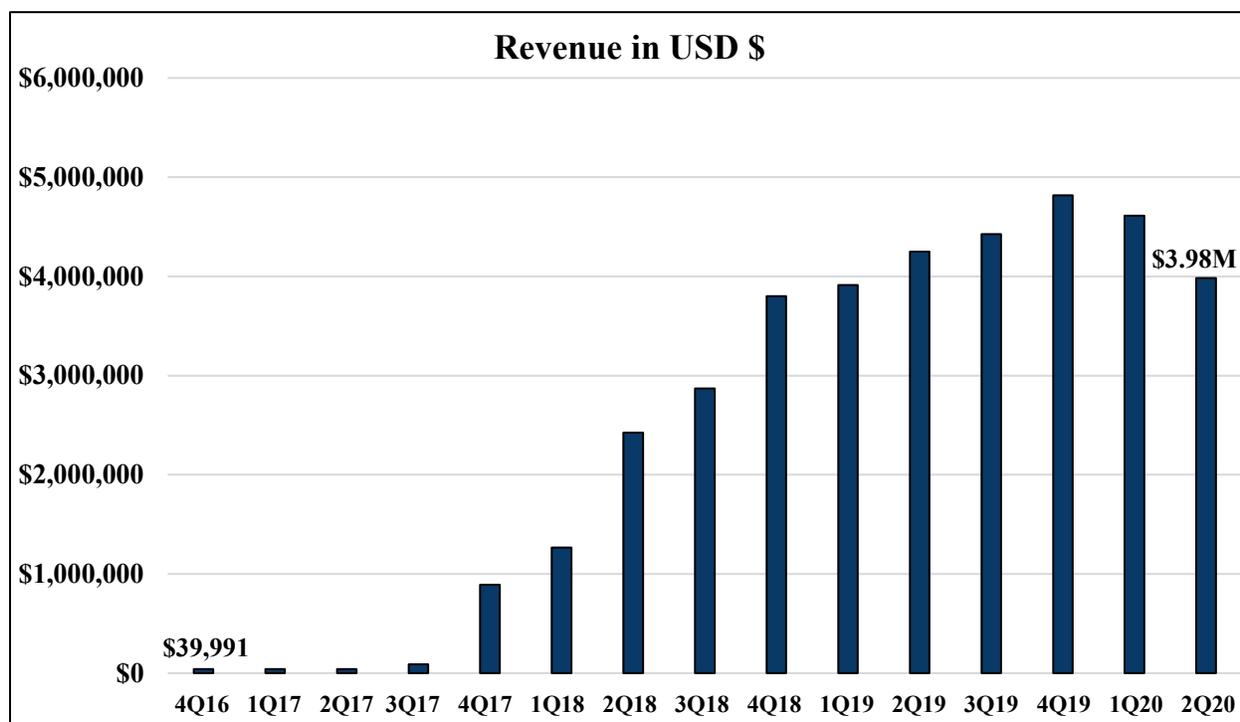
- The cash balance of \$2,754,087 as at June 30, 2020 was the highest reported cash balance in the Company’s history.
- Record operating cash flows of \$596,936 for Q2 2020 which was more than a 200% increase over both Q2 2019 operating cash flows of \$179,972 and Q1 2020 operating cash flows of \$189,913. Of the Q2 2020 cash flows, \$282,509 can be attributed to the Canadian Emergency Wage Subsidy (“CEWS”). In the absence of CEWS, Q2 2020 cash flows would have been the Company’s highest on record and 65% higher than the previous record set in Q1 2020.





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- Q2 2020 EBITDA of \$158,701, which excludes government assistance programs, was lower than Q2 2019 EBITDA of \$217,549 and Q1 2020 EBITDA of \$220,051.
- Q2 2020 revenues of \$3,983,402 were 6.3% lower than Q2 2019 revenues of \$4,249,781 and 13.6% lower than Q1 2020 revenues of \$4,611,140.



- The Company reported its highest gross margin as a percentage of revenue in nine quarters as gross margin increased from 33.41% in Q1 2020 to 35.10% in Q2 2020.
- The Company has maintained its historical level of excellence relating to accounts receivable collections. During the six months ended June 30, 2020, \$5,707 of accounts receivable were written off, representing less than 0.1% of reported revenues as compared to \$34,917 for the 2019 fiscal year, which represented 0.2% of the reported revenues.
- During the first six months of 2020, the Company retired 21.9% of its combined Schedule 1 bank debt and promissory notes relating to prior acquisitions.
- The Company’s revolving credit facility of \$696,000 did not have a balance at the end of Q2 2020, with the full amount available in the future, if required.
- The Company reported an adjusted net loss of \$159,337 for Q2 2020 as compared to an adjusted net loss of \$148,932 for Q2 2019 and \$71,019 for Q1 2020 (see reconciliation of adjusted net income to net income in “Summary of Quarterly Results” section in the MD&A).
- In Q2 2020, a non-cash goodwill impairment of \$800,000 for accounting purposes was recorded. The accounting impairment does not impact operations in any manner.



NEWS RELEASE

- In August 2020, the Company was approved for Paycheck Protection Program loans in the amount of \$1.976 million by a U.S. bank. These loans are guaranteed by the U.S. Small Business Administration under The CARES ACT in response to the COVID-19 pandemic. These loans, which bear interest at 1%, are repayable monthly over a five-year period beginning in 2021. If certain conditions are met, the loans may be partially or fully forgiven.

President & CEO's Comments on Company Performance

“The home care industry has been an expanding industry for several years driven by an aging population. Our company, like many in our industry, is preparing for an even greater anticipated demand for in-home care that we expect will last for several years”, said Chris Dobbin, President & CEO of Nova Leap. “For investors following world events, it is evident that the pandemic has taken an unfortunate toll on many living in senior facilities. As a result, we expect many older adults and their families to opt for in-home care.

Obviously, the current environment is challenging. In my opinion, the second quarter was the most challenging in our history. Yet, we had record operating cash flows, record free cash flows and reported the highest cash balance in Company history, while also paying down a meaningful portion of our acquisition related debt. It is also the one where our employees have shined brightest in ensuring the safety of our clients and fellow staff members.

As mentioned in my Q1 comments, toward late-March, we began to see a preliminary decline in client service hours due to the COVID-19 pandemic. That decline continued through to early May before we began to see a rebound in client service hours. By the end of Q2, some of our agencies were back to pre-pandemic service levels.

Our corporate development team has been very active examining potential acquisitions as we continue with our expansion plans and I would categorize this period of time as one of our more active periods in terms of deal flow. We expect to deploy some acquisition capital in the near term using available funds.”

This news release should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020, notes to the financial statements, and management's discussion and analysis, which have been filed on SEDAR.

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 centred focus, particularly those requiring dementia care. Nova Leap 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 6 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma and Ohio as well as Nova Scotia, Canada.

NON-GAAP MEASURES:

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.

Adjusted net income is net income adjusted for stock-based compensation expense, acquisition expenses, foreign exchange gains/losses, restructure charges, and severance and other costs.

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 general economic and market conditions, availability of working capital necessary for conducting Nova Leap's operations, and Nova Leap'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 the impact of the COVID-19 pandemic or any recurrence, including government regulations or voluntary measures limiting the Company's ability to provide care to clients (such as shelter-in-place orders, isolation or quarantine orders, distancing requirements, or closures or restricted access procedures at facilities where clients reside), increased costs associated with personal protective equipment and sanitization supplies, staff and supply shortages; regulatory changes affecting the home care industry, other 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.

For further information:

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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.