



NEWS RELEASE

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Nova Leap Health Corp. Posts Record Financial Results for Second Quarter 2019

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HALIFAX, August 27, 2019 - NOVA LEAP HEALTH CORP. (TSXV: NLH) (“Nova Leap” or “the Company”), a 2019 TSX Venture 50TM ranked company focused on the home health care industry, is pleased to announce the release of record financial results for the second quarter ended June 30, 2019. All amounts are in United States dollars unless otherwise specified.

Nova Leap Second Quarter of 2019

Highlights for the quarter ended June 30, 2019 included the following:

- Achieved record quarterly revenues resulting in the Company’s 8th consecutive quarter of revenue growth;
- Q2 2019 revenues of \$4,249,781 were 75.2% higher than Q2 2018 revenues of \$2,425,066 and 8.6% higher than Q1 2019 revenues of \$3,911,855;
- Achieved record quarterly gross margin;
- Q2 2019 gross margin of \$1,453,498 was 84.8% higher than Q2 2018 gross margin of \$786,321 and 12% higher than Q1 2019 gross margin of \$1,297,449;
- Gross margin as a percentage of revenues has increased four consecutive quarters from 30.6% in Q3 2018 to 34.2% in Q2 2019;
- Achieved record quarterly EBITDA;
- EBITDA of \$217,549 in Q2 2019, was an increase of 399% over Q2 2018 EBITDA of \$43,566 and an increase of 18.6% over Q1 2019 EBITDA of \$183,376;
- Achieved record operating segment EBITDA;
- United States and Canada operating segment EBITDA was \$502,719 in Q2 2019, an increase of 109% over Q2 2018 operating segment EBITDA of \$240,073 and an 8.7% increase over Q1 2019 operating segment EBITDA of \$462,278;
- United States and Canadian operating segment EBITDA as a percentage of revenue remained at 11.8% in the second quarter of 2019, a record for the Company first achieved in Q1 2019;
- Organic reportable operating segment EBITDA growth for Q2 2019 was 4.3% and acquisition related/inorganic EBITDA growth was 4.4%, as compared to reportable operation segment EBITDA for Q1 2019.



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- The quarterly trend of a reduction in net Head office costs as a percentage of revenue continued with a decrease from 7.1% in Q1 2019 to 6.7% in Q2 2019;
- On April 20, 2019, successfully closed the previously announced acquisition of Careforce Home Care in Nova Scotia, Canada;
- Maintained positive operating cash flows for two consecutive quarters of \$178,316 for Q2 2019 and \$194,460 for Q1 2019, as compared to negative operating cash flows of \$356,153 for the fourth quarter of 2018.
- The Company's cash balance on December 31, 2019 was \$781,391, a decline from the March 31, 2019 balance of \$1.24 million, largely the result of the cash used for the Careforce acquisition reported on April 23, 2019;
- Nova Leap's overall access to capital improved as the Company received a CAD\$1 million credit facility in Q2 2019 for working capital purposes from a Schedule 1 Canadian bank. The credit facility did not have an outstanding balance as at June 30, 2019;
- The Company reported a net loss of \$315,208 which was a 21% reduction from the Q1 net loss of \$399,134;

President & CEO's Comments on Overall Performance

“As we announce another quarter of record results for Nova Leap, I thought it would be an appropriate time to revisit the Company's performance since we began our accelerated acquisition program almost two years ago in September 2017”, stated Chris Dobbin, President & CEO. “What a two years it has been.

Over the course of the past eight quarters, Nova Leap has completed eight acquisitions – six in New England and two in Nova Scotia. With so many acquisitions, successful integration and execution are critical components of enhancing value for all stakeholders involved in the Company including clients, staff, shareholders and members of the communities in which we operate.

Our People

We are in a people business and I believe that exceptional people lead to exceptional results. At the time of this writing, our Company operates in two countries, four states and one province. I feel fortunate to be surrounded by some of the most dedicated individuals that I have had the pleasure of meeting.

The consolidation of smaller businesses within one larger organization has led to new opportunities for our employees, internal promotions, a career path with increasing responsibilities for those who so desire, and cross training for enhanced skillsets.

We aspire to be the best dementia care home care provider. Employee training is a priority. We have been rolling out, across both countries, enhanced dementia training for all our care professionals. A large percentage of our clients live with dementia and our care professionals have been provided new techniques which allows them to provide enhanced care in the home or in facility settings. As I travel to our various locations, the common theme is how thankful our care professionals have been for the ability to learn new and valuable techniques.



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Pricing Power

The Company owns private duty home care agencies. The majority of our revenue is referred to as “private pay” meaning the families receiving home care service pay an hourly fee if not covered through Veterans Affairs or long-term care insurance policies. This gives us the ability to adjust per hour billing rates upward to market without restrictions imposed by various government funded reimbursement plans.

Continuous Process Improvement

Many of the smaller agencies we acquire lack the internal personnel or financial resources necessary to gain significant efficiencies of scale. Nova Leap’s involvement changes that aspect. Our agencies benefit from learning from one another. Best practices are implemented, processes are improved and waste (whether time or money) is reduced.

Scaling by way of acquisition has allowed the Company to share internal administrative functions across agencies. Certain functions relating to insurance, benefits, tax and legal support have been centralized so operating teams can focus on providing the best possible service to our clients. Common management has been introduced across agencies as we have achieved geographical concentration.

The Use of Technology

Central to our ability to scale efficiently has been the use of technology. While our home care agencies provide services in a variety of locations, we are all connected through the use of our technology platforms which allow us to better provide scheduling, billing, payroll and accounting functions across the organization.

The Result

With so many facets of our ever-changing business, what does this mean for Nova Leap? I believe the past couple of years has been a tremendous success. In addition to an engaged staff, at the end of the second quarter of 2019, annualized organic EBITDA growth was 64%, as compared to 2018 results, an exceptional accomplishment by our team. While we acknowledge the accomplishments achieved to date, we will continue with our plans to grow and our geographical footprint will continue to expand.”

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, 2019, 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 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 Nova Scotia, Canada.



NON-GAAP MEASURES:

Gross margin is service revenue less cost of services;

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.

Annualized revenue and annualized EBITDA are calculated as actual revenue or EBITDA extrapolated from the beginning of the year or date of acquisition over 365 days.

Organic EBITDA growth is calculated as the increase in EBITDA period over period for entities owned for the entire reporting periods being compared.

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.

For further information:

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CAUTIONARY STATEMENT:

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