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Nova Leap Health Corp. Reports Fourth Quarter and Full Year 2018 Financial Results

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HALIFAX, March 14, 2019 - NOVA LEAP HEALTH CORP. (TSXV: NLH) (“Nova Leap” or “the Company”), a company focused on the home health care industry, is pleased to announce the release of financial results for the fourth quarter and full year ended December 31, 2018. All amounts are in United States dollars unless otherwise specified.

Nova Leap Fourth Quarter and Year End Financial Results

Financial results for the three and twelve months ended December 31, 2018 include the following:

- Achieved full year 2018 revenues of \$10,362,179, an increase of 877% over full year 2017 revenues of \$1,059,845;
- Ended the year with a cash balance of \$1,283,505;
- Achieved Q4 revenues of \$3,801,082, an increase of 32% over Q3 revenues of \$2,871,010;
- The Company achieved double digit revenue growth for the sixth consecutive quarter;
- Gross margin increased from 30.6% in the third quarter to 31.7% in the fourth quarter of 2018 while full year 2018 gross margin of 32.0% was reported;
- The Company reported Q4 net income of \$27,316 as compared to a Q3 net loss of \$378,382 and a full year 2018 net loss of \$961,271;
- Each of the United States and Canadian operating segments were profitable during the fourth quarter;
- The United States and Canadian operating segments reported Q4 EBITDA as a percentage of operating segment revenue of 9.34% and 12.2% respectively vs. full year 2018 EBITDA of 8.8% and 12.2%;
- As the Company has scaled up, Head Office costs as a percentage of revenue decreased from 53% in 2017 to 11% in 2018 as a percentage of full year reported revenues and is expected to be 7% based on annualized revenues;
- During 2018, \$917 of accounts receivable were written off, representing 0.009% of revenues;
- During the year, Management focused on streamlining operations and centralized many of the home care support functions such as scheduling, billing, payroll and accounting function;



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- Closed the previously announced acquisition of Living at Home SeniorCare located in Amherst, New Hampshire on October 19, 2018;
- Announced the closing of the second tranche of a brokered and non-brokered private placement, on October 25, 2018, which contributed gross cash proceeds of CAD\$532,299;
- Successfully integrated the September 29, 2018 acquisition of Comprehensive Home Care located in South Deerfield, Massachusetts;
- After December 31, 2018, 737,500 investor warrants were exercised at \$0.35 CAD exercise price;
- On February 21, 2019, it was announced that Nova Leap had obtained the #10 ranking in the 2019 TSX Venture 50TM in the Clean Technology & Life Sciences sector;
- On February 27, 2019, Nova Leap announced the signing of a non-binding Letter of Intent to purchase the home care assets of an Eastern Canadian business.

This news release should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, notes to the financial statements, and management's discussion and analysis, which have been filed on SEDAR.

“2018 was a year of tremendous growth for our organization”, said Chris Dobbin, President and CEO of Nova Leap. “Annualized recurring revenues for 2019 are already tracking 50% ahead of reported revenues for last year so we expect this year to be another excellent year for shareholders.”

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.

NON-GAAP MEASURE:

Annualized recurring revenue run rate is the expected annualized recurring revenue based on the most recent month's actual revenue for current operations multiplied by 12.

For acquisitions that closed subsequent to the reporting period or are expected to close and have been disclosed in a press release as material information, annual recurring revenue run rate is the expected annualized recurring revenue based on the most recent month's revenue for current operations multiplied by 12 plus the annual revenue based on the most recent financial information available for the newly acquired operations or operations which are expected to close and have been disclosed in a press release as material information.



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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.

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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