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Nova Leap Health Corp. Reports First Quarter 2018 Financial Results and Provides Corporate Update

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HALIFAX, May 28, 2018 - 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 first quarter ended March 31, 2018. All amounts are in United States dollars unless otherwise specified.

Nova Leap First Quarter Financial Results

Financial results for the three months ended March 31, 2018 include revenue of \$1,265,021 and gross margin of \$444,544. Highlights for the quarter ended March 31, 2018 included the following:

- Quarter over Quarter revenues increased by 41.9% from \$891,196 to \$1,265,021.
- Q1 2018 revenues of \$1,265,021 exceeded 2017 twelve months ended December 31, 2017 revenues of \$1,059,845 by 19.4%.
- Q1 2018 net loss of \$438,742 as compared to net loss of \$302,921 for Q4 2017. Non-recurring acquisition costs of \$171,412 (39.1% of reported loss) are included in the net loss for Q1 2018 as compared to acquisitions costs of \$94,123 (31.1% of reported loss) included in net loss for Q4 2017. The increase in non-recurring acquisition costs relates to the closing of Family Tree and Home Health Solutions as well as the work pertaining to the pending closing of the Eastern Canada business.
- Ended Q1 2018 with a revenue run rate of \$7.6 million. As of the date of this press release, Nova Leap has a revenue run rate of \$9.6 million.
- Closed the previously announced acquisition of Family Tree Home Care (“Family Tree”) on February 23, 2018 for a total purchase price of \$2,100,000. The acquisition was funded using \$450,000 of cash, a \$1,350,000 demand loan and a \$300,000 promissory note payable to the vendors. The Massachusetts operating segment contributed \$372,869 to the consolidated revenues for the period from acquisition to March 31, 2018, and operating income of \$32,877.
- The Rhode Island operating segment contributed \$434,587 to consolidated revenues (\$462,831 for the quarter ended December 31, 2017), operating income of \$1,592 (operating loss of \$4,570 for the quarter ended December 31, 2017).
- The Vermont and New Hampshire operating segment contributed \$457,565 to the consolidated revenues (\$428,365 for the quarter ended December 31, 2017), an operating loss of \$45,565 (\$58,726 for the quarter ended December 31, 2017). Management instituted some efficiency



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measures in the first part of the second quarter which is expected to improve the profitability of this segment starting in the third quarter.

- Closed a non-brokered private placement and raised gross proceeds of \$382,386 for general and working capital purposes.
- Closed a brokered private placement and raised gross proceeds of \$1,350,845. The proceeds were used to partially fund the acquisition of Family Tree and for general and working capital purposes.
- Subsequent to quarter end, acquired Home Health Solutions, increasing the Company's footprint in Massachusetts.

"Overall, I am pleased with our growth early in the year. More importantly, I believe that we have very good people working at each of our locations and that we are laying the foundation for a extremely successful organization through a number of corporate initiatives", said Chris Dobbin, President and CEO of Nova Leap, "I expect us to remain very active during the remainder of 2018."

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

Corporate Update

Nova Leap expects to close its previously announced acquisition of an Eastern Canada business and its previously announced brokered private placement by early June 2018.

Nova Leap continues to explore and evaluate opportunities for the acquisition of home care businesses. Management had previously announced plans to complete up to four acquisitions in 2018. Management now anticipates closing up to five acquisitions in 2018. Achieving the Company's plans remains dependent on Management's ability to acquire profitable home care businesses and to raise adequate funds to complete such acquisitions.

Management had previously indicated that it anticipated Nova Leap would exit 2018 with at least a \$10 million revenue run rate. Management believes that it will exceed a \$10 million revenue run rate by the end of Q2 2018. Management is now targeting to exit 2018 with a revenue run rate range of \$14 million to \$15 million.

The implementation of a common technology platform across the Company's home care agencies has begun and is expected to continue as new agencies are acquired. It is Management's intention to begin the implementation of a common brand strategy in the United States in Q3 2018.

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



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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:

Annual 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.

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 2018 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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