



Nova Leap Health Corp. Announces Execution of Definitive Agreement to Acquire Home Care Business in South Central U.S.

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HALIFAX, Nova Scotia, June 24, 2019 -- 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 that it has executed a definitive agreement (the "Agreement"), dated June 20, 2019, to acquire a home care services company ("the Target") located in South Central U.S. The Target reported unaudited revenues of approximately \$1.42 million and had adjusted EBITDA of \$0.174 million for the year ended December 31, 2018. All amounts are in United States Dollars ("USD") unless otherwise specified.

"The successful integration of past acquisitions indicative by our record Q1 results, the talent across our company and our ability to leverage technology has made this an appropriate time to enter a new region in the U.S.," said Chris Dobbin, President and CEO of Nova Leap.

The acquisition will be Nova Leap's first in the South Central U.S. and may enable further geographic expansion, similar to the Company's significant growth in New England. The Agreement is the first announced by Nova Leap since the Company announced record Q1 results on March 23, 2019 which included the following highlights:

- Achieved record Q1 revenues of \$3,911,855 resulting in the Company's 7th consecutive quarter of revenue growth;
- Achieved improved gross margin of 33.2% in the first quarter of 2019 as compared to a gross margin of 31.8% in the fourth quarter of 2018;
- Achieved record combined United States and Canadian operating segment EBITDA as a percentage of revenue of 11.8% in the first quarter of 2019 as compared to 9.9% in Q4 2018;
- Achieved record EBITDA as the Company reported a significant improvement from negative (\$45,075) in Q4 2018 to \$183,376 in Q1 2019; and
- Achieved record operating cash flows of \$194,460 during the first quarter of 2019 as compared to negative operating cash flows of (\$356,153) for the fourth quarter of 2018.

Under the terms of the Agreement, the acquisition is to be made for a total consideration of \$660,000 of which \$470,000 is payable with cash on closing and \$190,000 is by way of a promissory note repayable over a three-year period. Closing the acquisition is subject to final due diligence, lender approval, and approval of state licensing.

The acquisition is expected to be immediately accretive.

Nova Leap generated an approximate 9,700% increase (\$737,000/month average) in annualized recurring revenue over a 21-month period. During that time, annualized recurring revenue increased from approximately \$160,000 based on results reported in the June 30, 2017 interim consolidated financial statements to \$15,650,000 based on results reported in the March 31, 2019 interim consolidated financial statements. Additionally, the Careforce acquisition, as reported on April 23, 2019, will further increase annualized recurring revenue for the second quarter of 2019 and onward.

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 Halifax, Nova Scotia.

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.

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.

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.

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