

Nova Leap Health Corp. Posts Fourth Quarter and 2022 Annual Financial Results

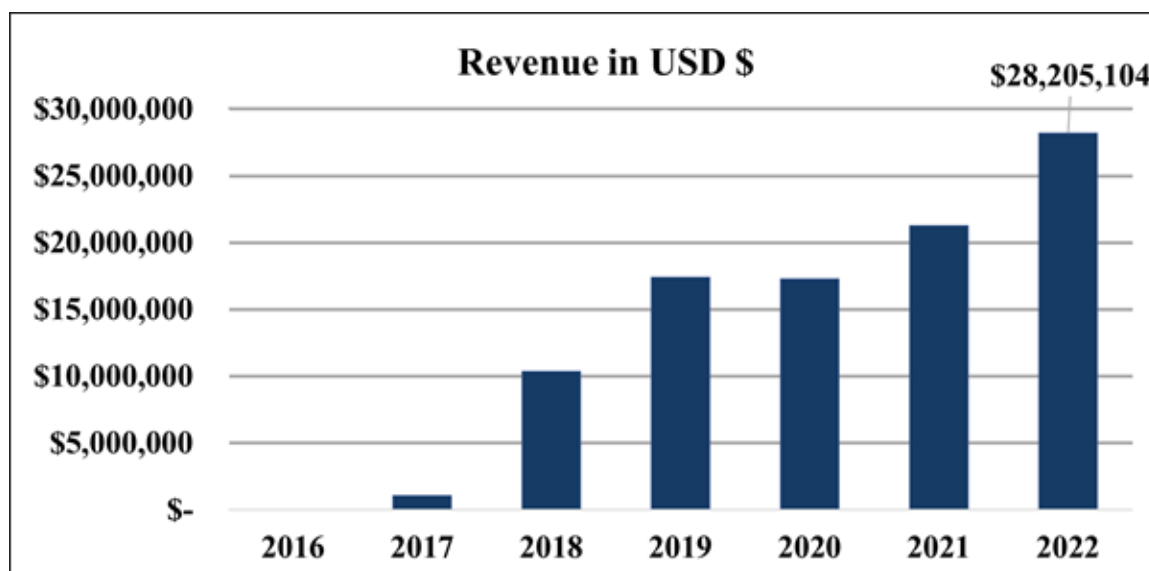
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HALIFAX, Nova Scotia, March 08, 2023 -- NOVA LEAP HEALTH CORP. (TSXV: NLH) ("Nova Leap" or "the Company"), a growing home health care organization, is pleased to announce the release of financial results for the year ended December 31, 2022. **All amounts are in United States dollars unless otherwise specified.**

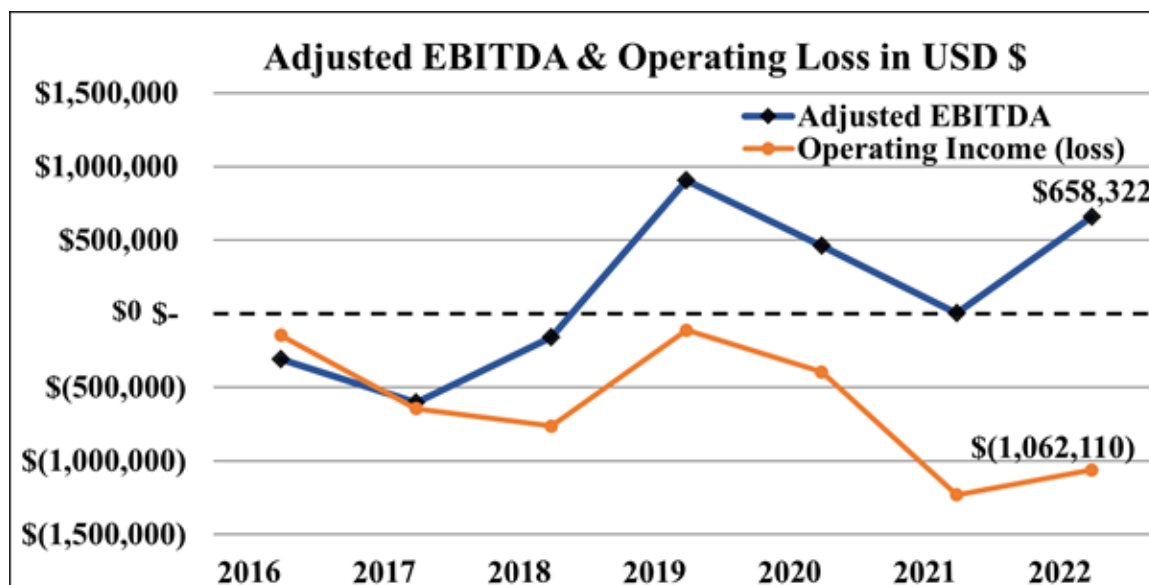
Nova Leap Fourth Quarter and Year End Financial Results

Financial results for the three and twelve months ended December 31, 2022 include the following:

- 2022 annual revenues of \$28.205 million were the highest in the Company's history and represents a 32.5% increase from 2021 revenues of \$21.279 million;
- Q4 2022 revenues of \$6.780 million represented an increase of 14.7% from Q4 2021 revenues of \$5.910 million and a decrease of 5.0% from Q3 2022 revenues of \$7.142 million;



- 2022 Adjusted EBITDA increased to \$658,322 from \$4,488 in 2021 (See calculation of Adjusted EBITDA below);
- Q4 2022 Adjusted EBITDA increased to \$71,313 from negative Adjusted EBITDA of \$58,894 in Q4 2021 and decreased from positive Adjusted EBITDA of \$325,497 in Q3 2022 (See calculation of Adjusted EBITDA below);



- Gross profit margin as a percentage of revenues increased to 35.4% in 2022 from 33.9% in 2021. Gross profit margin was 35.6% in Q4 2022, 35.7% in Q3 2022 and 32.6% in Q4 2021;
- The loss from operating activities in Q4 2022 decreased to \$321,424 from \$449,089 in Q4 2021 and increased from \$110,974 in Q3 2022;
- In Q4 2022, a goodwill impairment loss of \$514,403 was recorded in one of the Company's New England agencies where a lawsuit was filed in Q3 2022 seeking \$1.2 million in past and projected future profits against the previous owner and a related corporate entity for breach of certain covenants that formed part of the acquisition agreement. The impairment loss is based on the loss of significant client service hours during 2022 and the expected longer recovery time to return to previous revenue levels;
- The Company recorded net loss of \$970,395 in Q4 2022 as compared to net loss of \$726,330 in Q4 2021 and net income of \$549,070 in Q3 2022, and
- The Company had a cash balance of \$1.273 million as of December 31, 2022, as well as full access to the unutilized revolving credit facility of \$1.108 million (CAD\$1.5 million).

President & CEO's Comments

"I would like to start by recognizing the tremendous efforts of our team on both sides of the border," said Chris Dobbin, President & CEO of Nova Leap. "2022 was another successful year and one where we were focused on ensuring we have proper alignment across the organization as we prepare for what we believe will be the next phase of the Company's growth trajectory.

Operationally, the highlight of the year was the Canadian operating segment which set record results in its functional currency for Adjusted EBITDA while increasing Adjusted EBITDA margin from 12.5% in 2021 to a record 15% in 2022.

The U.S. operating segment continued to show improvement during the year. Revenues and Adjusted EBITDA both increased year over year, with a slight increase in Adjusted EBITDA margin from 5.3% to 5.6%. To continue to enhance financial performance, we made a number of changes in the U.S. operating segment over the second half of the year and early in 2023, including leadership realignment, which we believe will yield further improved results for 2023.

Head office corporate and administrative expenses as a percentage of revenues fell to 4.7% in 2022, its lowest on record. Operational leverage should continue to be achieved and this percentage should continue to decrease as the Company expands.

Nova Leap's accounts receivable collection rate of 99.7% remained exceptional during 2022 and consistent with prior years of 99.9% and 99.8% in 2021 and 2020 respectively.

The Company's debt position improved significantly during the course of the year and we remain on target to end 2023 with approximately \$290,000 of bank debt. Through prudent fiscal management, the Company is now in a position of strength which should give us more flexibility to borrow for future acquisitions.

With the downturn of the capital market environment in the micro-cap space, we were not as active from an M&A perspective as we would have liked. However, opportunities for acquisitions remain plentiful and very much remains a key part of our strategy.

Consistent with past years, insiders continued to make meaningful investments in the Company. Insider ownership grew year over year from 36.2% at the end of 2021 to 38.9% where it stands today. I believe this serves as an indication of the value insiders believe has yet to be reflected in the current market environment and the confidence they hold in our long term strategy."

Further information on the assumptions and risks associated with our target financial metrics is included below under the heading "Forward Looking Information".

This news release should be read in conjunction with the annual Audited Consolidated Financial Statements for the year ended December 31 2022 including notes to the financial statements, and Management's Discussion and Analysis for the year ended December 31, 2022, 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 the #42 ranking on the 2021 Report on Business ranking of Canada's Top Growing Companies, the #2 ranking on the 2020 Report on Business ranking of Canada's Top Growing Companies and the #10 Ranking in the 2019 TSX Venture 50™ in the Clean Technology & Life Sciences sector. The Company is geographically diversified with operations in 10 different U.S. states within the New England, Southeastern, South Central and Midwest regions as well as in Nova Scotia, Canada.

NON-IFRS AND OTHER MEASURES:

This release contains references to certain measures that do not have a standardized meaning under IFRS as prescribed by

the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. Accordingly, non-IFRS financial measures should not be considered in isolation or as a substitute for analysis of financial information reported under IFRS. The Company presents non-IFRS financial measures, specifically Adjusted EBITDA (as such term is hereinafter defined), as well as supplementary financial measures such as annualized revenue. The Company believes these non-IFRS financial measures are frequently used by lenders, securities analysts, investors and other interested parties as a measure of financial performance, and it is therefore helpful to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures.

Adjusted earnings before interest, taxes, amortization and depreciation ("Adjusted EBITDA"), is calculated as income (loss) from operating activities plus amortization and depreciation and stock-based compensation expense. The most directly comparable IFRS measure is income (loss) from operating activities.

Annualized revenue is calculated as actual revenue extrapolated from the beginning of the year or date of acquisition over 365 days.

The reconciliation of Adjusted EBITDA to the loss from operating activities is as follows:

	Q4 2022	Q4 2021	Q3 2022	Year ended December 31	
	\$	\$	\$	2022	2021
	\$	\$	\$	\$	\$
Loss from operating activities	(321,424)	(449,089)	(110,974)	(1,062,110)	(1,231,380)
Add back:					
Amortization and depreciation	307,717	218,005	343,639	1,355,920	861,464
Stock-based compensation	85,020	172,190	92,832	364,512	374,404
Adjusted EBITDA	71,313	(58,894)	325,497	658,322	4,488

FORWARD LOOKING INFORMATION:

Certain information in this press release may contain forward-looking statements, such as statements regarding future expansions and cost savings, timing of receipt of ERC, and plans regarding future acquisitions and business growth, including anticipated annualized revenue or annualized recurring revenue run rate growth and anticipated consolidated Adjusted EBITDA margins. This information is based on current expectations and assumptions, including assumptions described elsewhere in this release and those concerning general economic and market conditions, availability of working capital necessary for conducting Nova Leap's operations, availability of desirable acquisition targets and financing to fund such acquisitions, 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 staff and supply shortages, regulatory changes affecting the home care industry or government programs utilized by the Company (such as ERC), 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, and these statements may not be appropriate for other purposes. 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.

Photos accompanying this announcement are available at

<https://www.globenewswire.com/NewsRoom/AttachmentNg/1d5c1402-2cfa-4042-b79d-f1d000c2cddb>

<https://www.globenewswire.com/NewsRoom/AttachmentNg/9b2da60e-374c-4f8d-a125-c25daf55f73e>

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