

Nova Leap Health Corp. Posts Financial Results for First Quarter 2020

written by Raj Shah | May 8, 2020



May 7, 2020 ([Source](#)) – 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 the release of financial results for the first quarter ended

March 31, 2020. ***All amounts are in United States dollars unless otherwise specified.***

Nova Leap First Quarter of 2020

Highlights for the quarter ended March 31, 2020 included the following:

- Cash balance of \$2,556,873 at March 31, 2020 was the highest reported cash balance in the Company’s history.
- The Company’s revolving credit facility of \$696,000 did not have a balance at the end of Q1 2020, with the full amount available in the future, if required.
- Q1 2020 EBITDA of \$220,051 was 20.0% higher than Q1 2019 EBITDA of \$183,376 and 21.1% higher than Q4 2019 EBITDA of \$181,660.
- Operating cash flows of \$189,913 for Q1 2020 as compared to Q1 2019 operating cash flows of \$186,022 and Q4 2019 operating cash flows of \$41,554.
- Q1 2020 revenues of \$4,611,140 were 17.9% higher than Q1 2019 revenues of \$3,911,855 and 4.3% lower than Q4 2019

revenues of \$4,818,729. The lower revenues in Q1 2020 as compared to Q4 2019 is primarily the result of the preliminary impact of COVID-19 for the latter part of March 2020.

- The Company reported adjusted net loss of \$31,751 for Q1 2020 as compared to an adjusted net loss of \$123,376 for Q1 2019 (see reconciliation of adjusted net income to net income in “Summary of Quarterly Results” section in the MD&A).

President & CEO’s Comments on Company Performance

“As we entered into the month of March, we had a lot of momentum and were making a run at our previous record quarterly EBITDA”, said Chris Dobbin, President & CEO of Nova Leap. “Toward late-March, we began to see a preliminary decline in client service hours due to the COVID-19 pandemic. Home care is considered an essential service in all the areas in which we provide services and our agencies have been operating throughout the course of the pandemic. While we expect these lower hours to continue in the near term, we view them as temporary and remain confident in the mid and long-term growth prospects for the Company based on increasing demands for the services we provide to an aging population.

The safety and well-being of Nova Leap’s employees and clients remains our priority. Management is monitoring and following the guidelines set out by the World Health Organization (“WHO”), the Centers for Disease Control and Prevention (“CDC”), Health Canada, the Province of NS, the states, counties and municipalities in which we operate. The decisions we make as an organization are led with safety in mind. To date, we have secured adequate Personal Protective Equipment (“PPE”) and have access to further supplies, as required.

I believe that our strategy of diversifying by geography and

operating a decentralized organization has put us in a place to continue to succeed. Most of our agencies operate in jurisdictions on the lower end of the COVID-19 impact spectrum. Further, while continuous improvement is an ongoing focus, we tend to have little waste in our organization.

Nova Leap closed Q1 with the highest reported cash balance in the Company's history and full access to its unutilized revolving operating line. In this lower interest rate environment, Nova Leap does benefit from a reduced cost of borrowing. In addition, we have not experienced an increase in uncollectible accounts.

As the COVID-19 pandemic has evolved, many governments around the world have introduced economic measures to protect companies, employees, and the economy. Nova Leap's Canadian operations qualified for the Canada Emergency Wage Subsidy ("CEWS") in its first period of eligibility as it experienced a 15% decrease in qualifying period revenues compared to the baseline revenue period. Companies that qualify for one period automatically qualify for the following period. As a result, we anticipate that the CEWS will cover 75% of eligible employee wages for an initial two-month period. As the Company's largest expense is employee compensation, we expect the CEWS to mitigate the decrease in revenue and provide a subsidy of approximately CAD\$197,000. We will continue to examine programs in the U.S. and Canada for potential eligibility.

I expect that we will continue with our growth plans. We continue to examine M&A opportunities, we expanded into Ohio last month and we are planning to open three more locations by the end of this year."

This news release should be read in conjunction with the unaudited condensed interim consolidated financial statements

for the three months ended March 31, 2020, 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 centred focus, particularly those requiring dementia care. Nova Leap 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 6 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma and Ohio as well as Nova Scotia, Canada.

NON-GAAP MEASURES:

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.

Adjusted net income is net income adjusted for stock-based compensation expense, acquisition expenses, foreign exchange gains/losses, restructure charges, and severance and other costs.

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 impact of COVID-19 pandemic, 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:

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