

# **Focused on the 90 billion dollar home care industry, Nova Leap Health makes 11th acquisition**

As the baby boomers grow older the need for home care is accelerating. Since COVID-19 began, more and more people are considering in-home services for aged or incapacitated care, including dementia. The benefits of home care include independence, less exposure to others that might be infectious and surprisingly, often results in lower cost to everyone involved. With almost 80,000 Americans turning 65 years old each week, it is not surprising that the home care industry is one of the fastest-growing industries in the U.S. with a US\$89.2 billion market size.

Nova Leap Health Corp. (TSXV: NLH) (“Nova Leap”) is a home health care services company operating in North America. Nova Leap acquires, manages, and builds home care service companies that provide support to clients and their families at home. Some of the home care services include dementia care, companionship, personal and respite care, cooking and meal preparation, light housekeeping, transportation, medication reminders, and medication administration by nursing staff. Nova Leap’s focus is to give their clients independence and quality of life in their own homes.

Currently Nova Leap has home health care services operating in 6 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma, Ohio as well as Nova Scotia, Canada. In all, Nova Leap has acquired ten home health care businesses across the U.S. and Canada.

This month Nova Leap announced another acquisition in New

England to be made for total consideration of US\$660,000. The target company had unaudited revenues of approximately US\$1.697 million and EBITDA of approximately US\$155,000, for the year ended September 30, 2019. Regarding the new acquisition Nova Leap's CEO Chris Dobbin said: "Nova Leap is well positioned to capitalize on the demand for private pay in-home care and we expect further growth from the region."

### **Location of Nova Leap's current ten home health care businesses**



Source: company presentation

### **Despite lower revenues impacted by COVID-19, Nova Leap achieved record operating cash flows**

As reported in early October 2020, Nova Leap achieved a solid Q2 result despite slightly lower revenues and a small adjusted net loss of US\$159,337 for Q2 2020. Investors should recall that Q2 2019 felt the worst impact from COVID-19 due to lockdowns. Nova Leap's Q2 2020 revenue was US\$3,983,402, 6.3% lower than Q2 2019 revenues of US\$4,249,781 and 13.6% lower than Q1 2020 revenues of US\$4,611,140. At the same time, Nova Leap achieved record operating cash flows of US\$596,936 for Q2

2020 and Nova Leap's cash balance hit a record company level of US\$2,754,087 as of June 30, 2020. Gross margins improved slightly from 33.41% in Q1 2020 to 35.10% in Q2 2020 and Nova Leap paid off 21.9% of its combined schedule 1 bank debt and promissory notes relating to prior acquisitions.

**Nova Leap Health has been steadily growing revenues (with a recent COVID-19 dip) with a strategy of acquisitions and organic growth**



Source: company presentation

**Approval received for Paycheck Protection Program loans from the CARES ACT in response to the COVID-19 pandemic**

In August 2020, the Company was approved for Paycheck Protection Program loans at the low rate of just 1% for a total loan amount of US\$1.976 million. The loans are repayable monthly over a five-year period beginning in 2021. If certain conditions are met, the loans may be partially or fully

forgiven.

### **Nova Leap's President and CEO's view**

“The home care industry has been an expanding industry for several years driven by an aging population,” said Chris Dobbin, President & CEO of Nova Leap. “Our company, like many in our industry, is preparing for an even greater anticipated demand for in-home care that we expect will last for several years. For investors following world events, it is evident that the pandemic has taken an unfortunate toll on many living in senior facilities. As a result, we expect many older adults and their families to opt for in-home care.”

COVID-19 has accelerated interest in at-home health care services, with many not willing to risk visiting a hospital or an assisted-living care facility. Nova Leap is well positioned to supply this increasing need with a growing network of ten home health care businesses. Currently NLH trades on the TSX Venture and has a market cap of approximately C\$22m (~US\$ 17.6m), which is about the same as their 2019 sales of US\$17.4m.

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## **Nova Leap Health reports strong Q1 results as COVID-19 catalyst for families opting for home health care**

The home health care sector should be one of the very few winners post COVID-19. That is because many people that require health care will choose to have it at home rather than

taking the risk of going into a hospital or aged care facility. This combined with the tailwind of the baby boomers retiring and ageing demographics means the home care and home health care services sector is in for a very good decade ahead.

Nova Leap Health Corp. (TSXV: NLH) is an international provider of personal home care and support services, with a focus on North America. Nova Leap acquires, manages, and builds home care service companies that provide support to clients and their families at home. Some of the home care services include dementia care, companionship, personal and respite care, cooking and meal preparation, light housekeeping, transportation, medication reminders, and medication administration by nursing staff. Nova Leap's focus is to give their clients independence and quality of life.

**Nova Leap Health Corp.'s service involve skilled home care and home health care**



**WHAT IS NON-MEDICAL AND SKILLED HOME CARE?**

**Nova Leap is focused on acquiring and organically growing Home and Home Health Care Companies**

**What is Home Care?**

- Home Care is about sustaining and maintaining your loved one's quality of life in their home – keeping them safe and comfortable

**What you get from *home care*:**

- Personal grooming like bathing or getting dressed;
- Moving around: getting in and out of the bed/shower;
- Medication reminders;
- Errands like grocery shopping and picking up prescriptions;
- Light housekeeping; and
- Meal preparation.



**What is Home Healthcare?**

- Home healthcare is skilled care to help someone get healthy while at home. It comes after a doctor's visit or a hospital stay and is provided by medical professionals

**What you get from *home health care*:**

- Skilled nursing;
- At-home physical therapy;
- Pain Management;
- Caring for wounds; and
- Prescription management.



NOVA LEAP HEALTH CORP. (NLH- TSXV)

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Source

In a recent move, Nova Leap have expanded their home care operations to the state of Ohio. By way of a subsidiary, Nova Leap has opened a new office in Centerville, Montgomery County, Ohio. This is Nova Leap's first entry into the State of Ohio and the Midwestern United States.

Chris Dobbin, President & CEO of Nova Leap stated: "We have been planning this expansion for months and are excited to begin offering our home care services in the Buckeye State and to the people of Ohio."

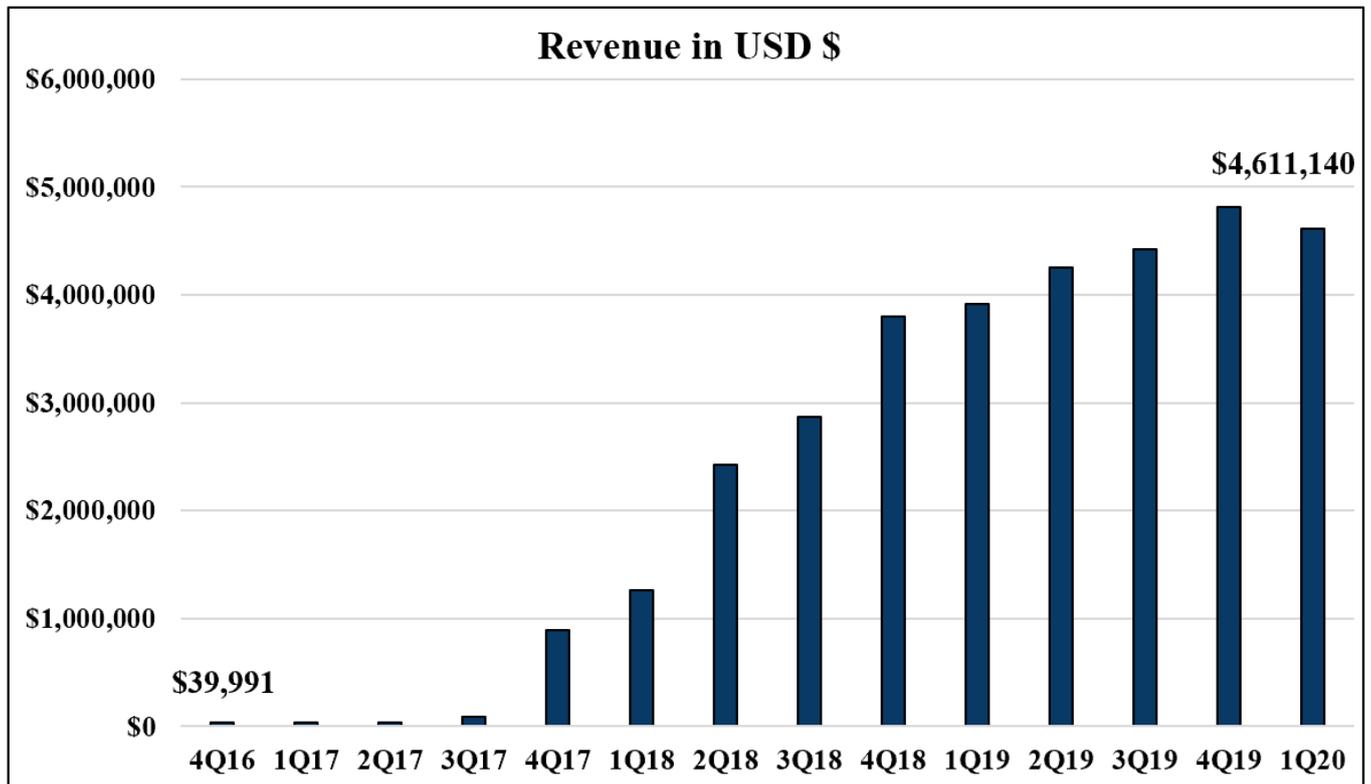
Nova Leap has now grown its home health care operations in 6 different U.S. states including: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma and Ohio. They also have one operation in Nova Scotia, Canada.

### **Nova Leap's financials continue to improve despite a minor lull due to COVID-19**

After having a tremendous last 2 years, Nova Leap has continued in 2020. Q1 2020 revenues continued to leap year on year as summarized below.

- Q1 2020 revenues of \$4,611,140 were **17.9% higher** than Q1 2019 revenues of \$3,911,855, but 4.3% lower than Q4 2019 revenues due to the preliminary impact of COVID-19 for the latter part of March 2020.

Nova Leap Health Corp.'s revenues continue to climb YoY with only a mild recent COVID-19 set back in Q1, 2020



Source

Other financial highlights from Q1, 2020 included:

- 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.
- Adjusted net loss of \$31,751 for Q1 2020 as compared to an adjusted net loss of \$123,376 for Q1 2019.
- 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.
- Cash balance of \$2,556,873 at March 31, 2020 was the highest reported cash balance in the Company's history.

Put simply in Q1 2020, compared to the previous quarter, Nova Leap improved EBITDA, profits (reduced losses), cash flow, and their cash position; whereas revenue was slightly lower by 4.3%. This shows management has been very prudently managing the finances and based on results to date has come through the COVID-19 pandemic very well. Q2 will also see some impact from COVID-19 particularly in the early months of April and May.

Beyond that things should pick up as the US economy reopens.

Another good management sign is 38% insider ownership and the fact that acquisitions are done using non-dilutive financing.

### **Closing remarks**

The post COVID-19 lockdown period should be very kind to Nova Leap Health Corp. as people will likely choose to have home health care services rather than risk visiting a hospital or aged care facility. This means Nova Leap is ideally positioned to be a winner at this time.

Added to this Nova Leap is very well managed. Improving revenues (a slight 4.3% Q1 2020 blip due to lockdowns), improving EBITDA, improving profits (net losses are reducing and profits will start soon), improving cash flow, and an improving cash position all point towards a great future for Nova Leap. The Company will continue to focus on strong organic growth and cash flow positive acquisitions and will benefit from North America's ageing demographics and the trend towards home care.

The current market cap is only C\$24 million so the Company is still in the early days; meaning there is still plenty of opportunity ahead for investors should Nova Leap continue to execute well.

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# **Home health care set to boom as coronavirus affects aged**

# care facilities

The home health care market is already doing very well helped along by the increase in our aging populations. But now with coronavirus concerns it is making more sense for those in need to have home help rather than risk crowded locations including aged care facilities. For example, in Australia the government is now considering putting aged care facilities into lockdown due to the recent surge in coronavirus case.

This plays into the strengths of a Canadian home health care acquirer Nova Leap Health Corp. (TSXV: NLH). This is because Nova Leap focuses on care in the client's comfort of their own home.

## **A brief background on Nova Leap Health Corp.**

Nova Leap is a home health care services company that was created to assemble a portfolio of home care and home health care companies that have the potential to be leaders in their particular geographical market. Nova Leap plans to grow through a combination of continued acquisitions and organic growth, with a focus on North America.

Nova Leap not only acquires home care services companies, they also manage and build companies that provide top-level support to their clients. By providing home health care service the Company is able to provide skilled aftercare including nursing, home physical therapy, wound care, and health care including for dementia clients. In providing a home care service alternative Nova Leap is able to provide clients with ongoing assistance with activities of daily living which may include services from simple errands to housekeeping, transportation, and meal preparation. Nova Leap's focus is to give their clients independence and quality of life.

**Nova Leap Health Corp. is growing fast in the fast growing sector of home health care in North America**

## **A sound business model**

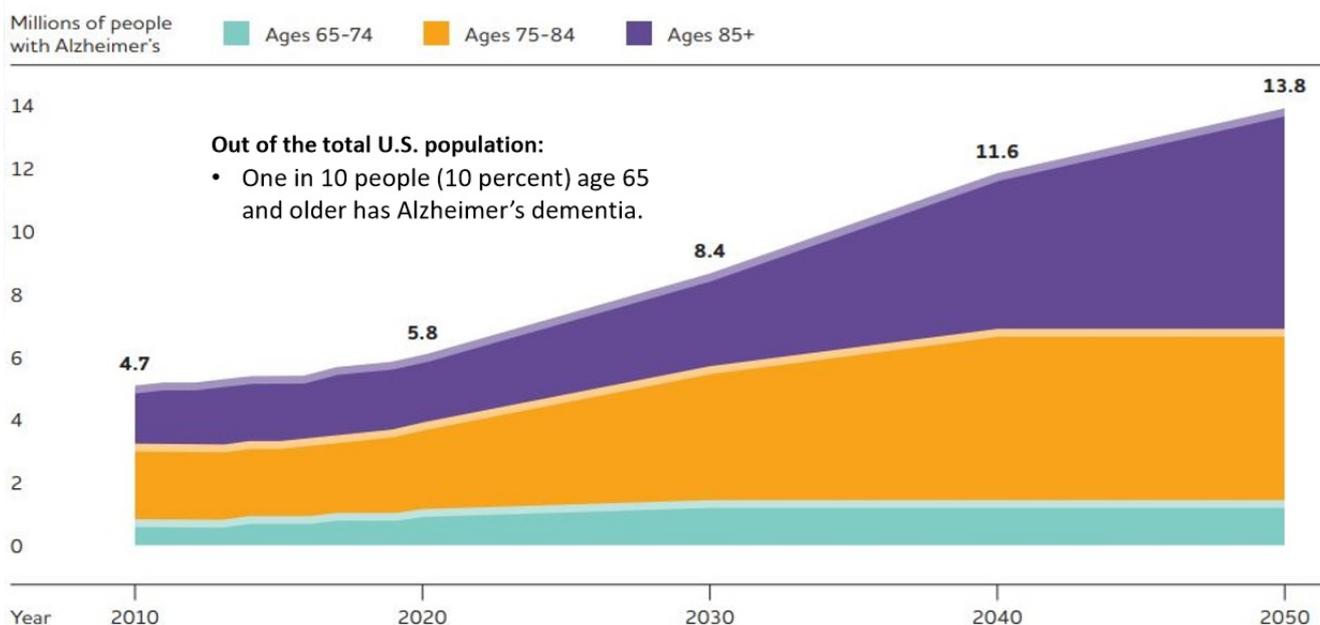
Nova Leap follows a sound business model. Their process includes finding quality home health care companies (a strong reputation/brand) with a geographical focus on the US and Canada, a positive EBITDA , and ideally a 10 year history with US\$1 million plus in revenues. Nova Leap is growing fast, which means that as the business scales up margins are improving and profitability is just around the corner.

## **US dementia patients forecast to grow significantly as the US baby boomers age**

One in 10 people (10%) aged 65 and older has Alzheimer's dementia. As North America ages the number of dementia cases is increasing. Often the best and most affordable way to care for our dementia patients is home health care in a friendly and familiar environment.

The chart below shows the number of US people aged 65 and older that are forecast to get dementia. In 2020 the figure is 5.8 million, by 2030 8.4 million, by 2040 11.6 million, and by 2050 13.8 million.

Projected Number of People Age 65 and Older (Total and by Age)  
in the U.S. Population with Alzheimer's Dementia, 2010 to 2050



Source: Nova Leap company presentation February 2020

**Nova Leap are well funded having recently been 1.5x oversubscribed**

On December 5, 2019 Nova Leap announced a non-brokered private placement of convertible debentures. The offering was for C\$2 million with the following terms: "The Debentures will mature five (5) years after the issue date (the "Maturity Date") and will accrue interest at the rate of 8.0% per annum, payable semi-annually. At the holders' option, the Debentures may be converted into common shares of Nova Leap at any time and from time to time, up to the Maturity Date, at a conversion price of CAD\$0.52 per common share (the "Conversion Price")."

President & CEO of Nova Leap, Chris Dobbin, stated: "We continue to receive quality acquisition opportunities on a regular basis.....We recently announced the best financial results in our Company's history, and we are determined to continue along that trajectory. This funding will allow us to act on acquisition opportunities should we chose, as well as pursue our plans to expand organically into new territories."

Following the December 5 offering Nova Leap announced on December 20: "Due to oversubscribed demand, the non-brokered private placement of Debentures will now consist of maximum gross proceeds of CAD\$3 million."

The over-subscription is a very positive endorsement towards Nova Leap from investors.

### **2019 annual financial results to be released by mid-March**

Nova Leap has had a brilliant past year with several major acquisitions resulting in a record leap in EBITDA. Nova Leap will present 2019 full year results at the 2020 Spring Investor Summit in NYC on March 25 and 26, 2020. The Spring Investor Summit will take place at the Essex House, featuring 160 companies and over 1,000 institutional and retail investors.

The Company has already publicly stated they will release "record 2019 results". The results will be released by mid-March, 2020.

### **Closing remarks**

Nova Leap is already well geographically diversified with operations in 5 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island and Oklahoma as well as Nova Scotia, Canada. Their business model of acquiring smaller but profitable home health care companies is starting to bring rewards.

The home health care sector (including dementia care) is set to grow substantially over the next decade. Added to this is the recent coronavirus concerns which may lead to more clients choosing home health care rather than taking the risk of an aged care facility.

With an oversubscribed C\$3 million debenture raise now closed and 2019 results out in mid-March, Nova Leap will shortly be

in the spotlight of over 1,000 institutional and retail investors.

At the current market cap of just C\$24 million investors can still get in early before the institutional investors. Judging by management's strong performance in 2019, 2020 will again be another big year for Nova Leap and should see the stock price move higher.

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## **Chris Dobbin on Nova Leap Health's focus on dementia care**

"Dementia care is very important to us. In some of our agencies, upward of 75% of our clients have some form of dementia. After we make an acquisition, we bring a very specific dementia training program to that agency. We train our senior people, they get certified through a third party and then they train all of our caregivers and we pay our caregivers to take that training. It has a tremendous impact both on retention of our caregivers and also directly to the families that we provide service to." States Chris Dobbin, President and CEO of Nova Leap Health Corp. (TSXV: NLH), in an interview with InvestorIntel's Tracy Weslosky.

Chris went on to provide an update on Nova Leap's expansion into South Central USA with an acquisition in Oklahoma. He said that the company has been very successful in New England and saw an opportunity in a home care business in Oklahoma. Nova Leap considers the acquisition to be a meaningful investment in a new geographic area that it intends to expand upon. Chris also said that Nova Leap has announced record

financial results for the third quarter and has seen nine consecutive quarters of revenue growth. The company has made two meaningful acquisitions at the beginning of the fourth quarter and expects to deliver a record revenue growth going forward.

To access the complete interview, [click here](#)

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## **Chris Dobbin on Nova Leap's record financial results for third quarter 2019**

"When it comes to our (business) model. Essentially we are looking for small home care businesses primarily in the US. They are generally between a million to three million dollars in revenue. They are in secondary market where its less competitive. We have been buying in New England and most recently in South Central. These businesses have been around for 10 to 15 years. They are predominantly owned by a founder who is looking for a succession plan. We identify these businesses as part of our role up strategy. We look to make incremental improvement weather it be revenue or expense management or training or marketing. Every agency is little bit different and unique but we bring those incremental improvements and as we add these small businesses to a larger platform we start to see payoffs from a financial perspective." States Chris Dobbin, President and CEO of Nova Leap Health Corp. (TSXV: NLH), in an interview with InvestorIntel's Tracy Weslosky.

Chris went on to say that Nova Leap has had nine consecutive quarters of revenue growth and the management is delivering results that they said they would do. Chris further added that Nova Leap has made three acquisitions this year and it continues to pursue more acquisitions. The company recently made an acquisition in Massachusetts and expanded to South Central USA with an acquisition in Oklahoma.

To access the complete interview, [click here](#)

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## **Another giant leap for Nova Leap as they record a 685% EBITDA year on year increase in Q3, 2019**

Investors should put this home health care stock on the top of their watch list before it moves even higher. The Company has now achieved nine consecutive quarters of revenue growth, and as a result the stock is up 38% in the last six months, and 58% in the last three months. Even better for investors is that this Canadian gem is still very cheap with a market cap of just C\$ 23 million, due to the early stage of the Company. It operates in the booming US and Canadian health care sectors, in the in-demand area of home health care.

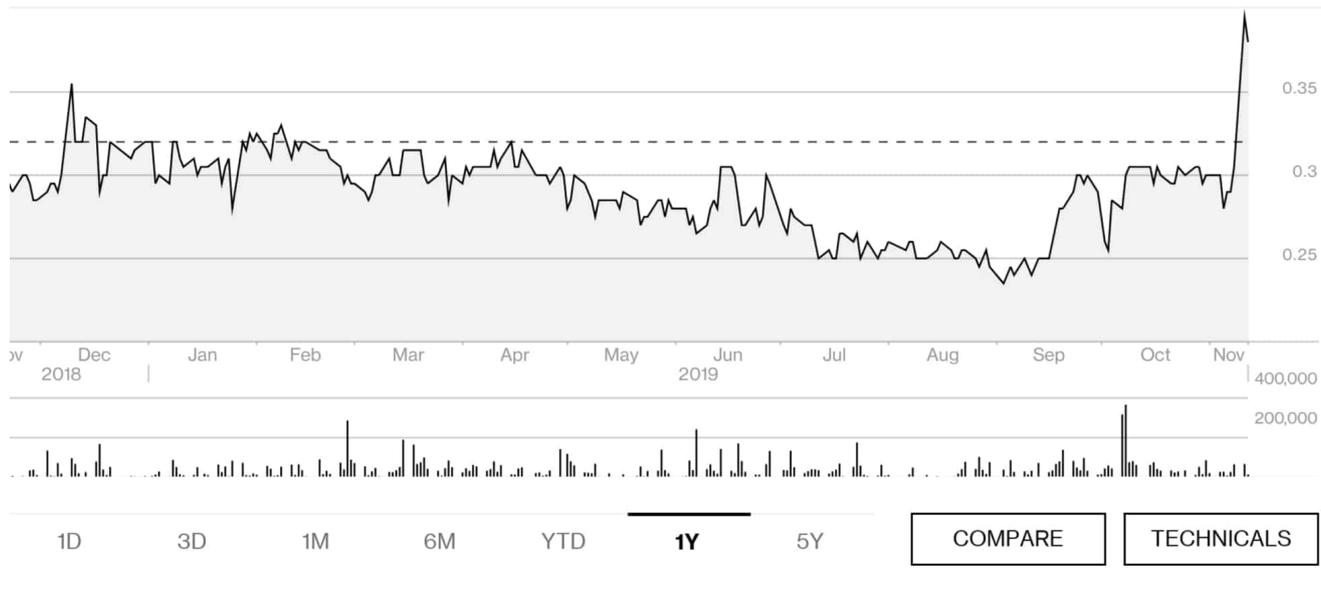
**Nova Leap stock price surges higher on strong growth**



## Nova Leap Health Corp

NLH:CN

OPEN 0.38 LOW 0.235 HIGH 0.395



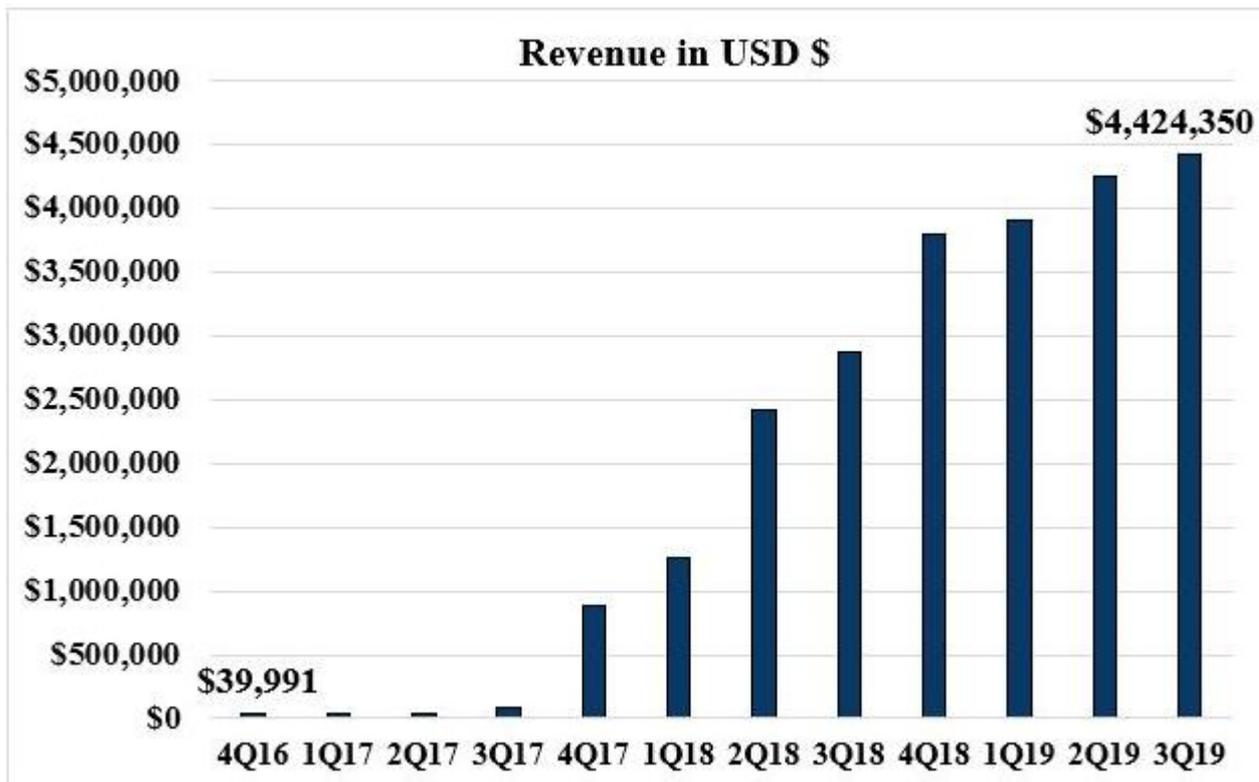
The stock is Nova Leap Health Corp. (TSXV: NLH) and it is based in Nova Scotia, Canada. Nova Leap acquires, manages, and builds home care service companies. Nova Leap is geographically diversified with operations in 5 different U.S. states: Vermont, New Hampshire, Massachusetts, Rhode Island and Oklahoma as well as Nova Scotia, Canada.

Just released last week their Q3, 2019 financial results were a record for the Company, reporting a 685% EBITDA increase over the same quarter in 2018. Q3, 2019 EBITDA of US\$324,676 increased 49.2% over Q2 2019 EBITDA of US\$217,549. And the giant leaps don't stop there, the Company achieved over US\$4.4 million in Q3, 2019 revenue, the nine consecutive quarter of revenue growth.



Nova Leap President & CEO Chris Dobbin stated: “Third quarter results were the best in our Company’s history. From a financial perspective, our focus remains on cash flow growth in existing operations and the deployment of free cash flow to high return potential opportunities.”

**Nova Leap achieves nine consecutive quarters of revenue growth**



## **Nova Leap has acquired Keystone Homecare and Around The Clock Home Care**

Nova Leap continues to acquire small home care businesses and has announced their latest acquisition in Massachusetts. Previously announced on September 25, 2019, Nova Leap has now completed the acquisition of the business assets of Keystone Homecare LLC, located in Stow, Massachusetts.

This news is a follow up to the announcement the Company made in early October on the completed acquisition of the business assets of Around The Clock Home Care, located in Chickasha, Oklahoma. It's noted that these two latest acquisitions in Oklahoma and Massachusetts, were not reflected in the Q3 results. These are just two recent examples of the Company's rapid expansion.

## **Nova Leap is steadily moving up the rankings**

Nova Leap achieved the #10 ranking in the 2019 TSX Venture 50™ in the Clean Technology & Life Sciences sector. Announced on September 2019, Nova Leap now ranks at number 4 on the

2019 Canadian Business and Maclean's Start-up 50 ranking of Canada's Top New Growth Companies.

### **Nova Leap's business model**

Nova Leap's model of success is acquiring small home care businesses in Canada and the US. Combined these small businesses are forming the beginning of what the Company believes will be a large international organization. As the business scales up margins are improving, helped by reduced head office costs as a percentage of revenue. For example, head office costs as a percentage of revenue have fallen from 53% in 2017, to 5.6% in Q3 2019. This trend demonstrates the Company's ability to scale the business with existing personnel and infrastructure.

The criteria they follow is simple, a geographical focus on the US and Canada, a positive EBITDA with a strong reputation/brand, and ideally have a 10 year history with US\$1 million plus in revenues.

### **Demographics are a strong tailwind for Nova Leap**

An aging population in most western countries is requiring more and more home care. Each day in the US over 10,000 people are turning 65, and the baby boomer generation is retiring in droves. The non-medical home care market is a massive \$5.4 billion dollar opportunity (6.1% of the \$89.2 billion U.S. home health care market revenue).

Nova Leap sees massive opportunities ahead in acquiring established home health care facilities in safe countries. Home health care is a very fragmented industry with no major players having a dominant percentage of the market. Nova Leap strategy is to fill that role as the home care industry is one of the fastest growing industries in the U.S.A.

Nine consecutive quarters of revenue growth shows Nova Leap is really "leaping" ahead. Investors should also be reminded that

the name 'Nova' means 'a star that suddenly becomes thousands of times brighter'. The future looks very bright for Nova Leap Health Corp.

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## **Dobbin on Nova Leap Health's 8th consecutive quarter of record revenue growth**

"It was a great quarter for us. We have been producing quarter-over-quarter record results. We have record revenue, record gross margin, record EBITDA. We have been producing record operating cash flow. So it has been fantastic last several quarters and it is our eighth consecutive quarter of record revenue growth.", States Chris Dobbin, President and CEO of Nova Leap Health Corp. (TSXV: NLH), in an interview with InvestorIntel's Tracy Weslosky.

Chris went on to say that Nova Leap identified very early on that there was a very fragmented market in the home care space. The company has been acquiring very small owner-operated home care companies and now it is seeing very strong organic growth along with continued successful acquisitions. Chris also said that Nova Leap was recently ranked number 4 on the 2019 Canadian Business and Maclean's Startup 50 ranking of Canada's Top New Growth Companies.

To access the complete interview, [click here](#)

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