

# **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.

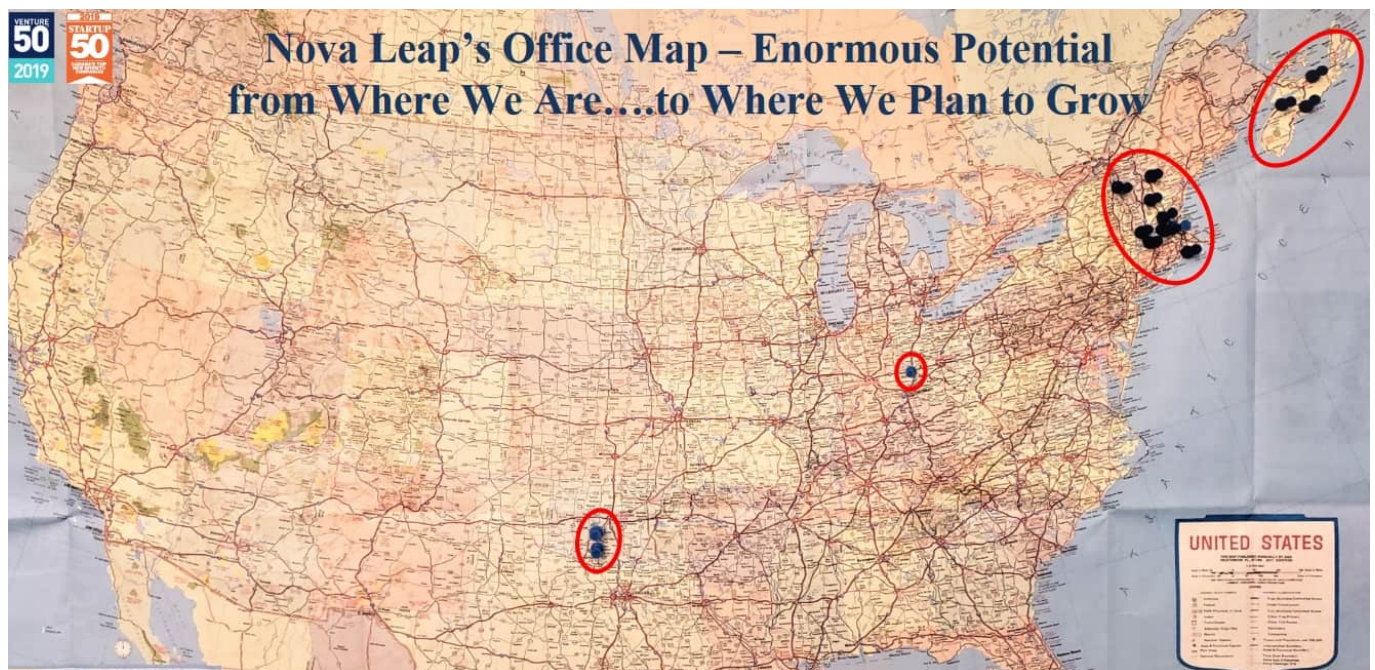
Nova Leap Health Corp. (TSXV: NLH) (“Nova Leap”) is a home health care services company operating in North America. Nova Leap acquires, manages, and builds home care service companies that provide support to clients and their families at home. Some of the home care services include dementia care, companionship, 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."

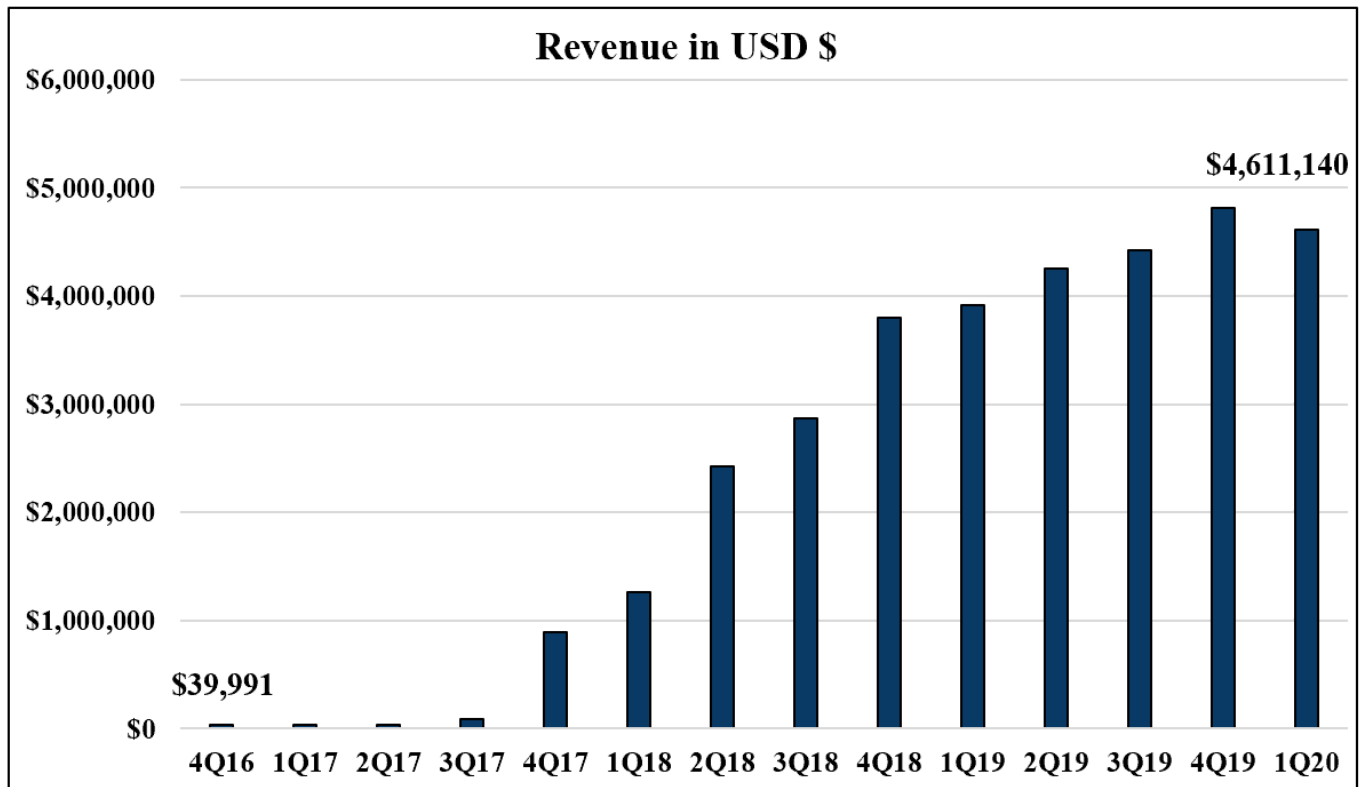
Nova Leap has now grown its home health care operations in 6 different U.S. states including: Vermont, New Hampshire, Massachusetts, Rhode Island, Oklahoma and Ohio. They also have one operation in Nova Scotia, Canada.

### **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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# **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 aquisitions 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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# Chris Dobbin on older adult care and Nova Leap Health's double-digit growth

"We are a homecare services company. The industry itself has been one of the fastest growing industries in Canada and the U.S. for the last few years. Really it is based on demographics. It should continue to be so. I think as a management team we have been fairly good at identifying targets that are attractive to us. First we tend to go into rural or secondary markets in the U.S., primarily in New England. We have been able to find good quality companies run by good management teams. We have had a lot of success in acquiring those companies and then integrating them or bringing them together. It is really for those reasons that we have been able to have some good success over the course of the last 12 to 14 months." States Chris Dobbin, President and CEO of Nova Leap Health Corp. (TSXV: NLH), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

**Tracy Weslosky:** You have just basically had double-digit growth again for your fifth consecutive quarter. Chris can you tell me how you are managing to achieve this in these current market conditions?

**Chris Dobbin:** Sure. Well I guess it starts with the industry that we are in. We are a homecare services company. The industry itself has been one of the fastest growing industries in Canada and the U.S. for the last few years. Really it is based on demographics. It should continue to be so. I think as a management team we have been fairly good at identifying targets that are attractive to us. First we tend to go into rural or secondary markets in the U.S., primarily in New England. We have been able to find good quality companies run by good management teams. We have had a lot of success in

acquiring those companies and then integrating them or bringing them together. It is really for those reasons that we have been able to have some good success over the course of the last 12 to 14 months.

**Tracy Weslosky:** We have noticed over the last 14 quarters, I believe it is seven acquisitions that you have done. Can you tell me a little bit more about how you have managed to do so many acquisitions so seamlessly Chris?

**Chris Dobbin:** Since last September, so September 2017, we have been fairly active on the acquisition front. In September we went to Rhode Island. We purchased a company called All About Home Care. In October we entered into Vermont and New Hampshire. This past February we made an acquisition in Massachusetts; made another acquisition in Massachusetts in April. Acquired a company in Halifax in June and then made two more acquisitions since then, one at the end of September, again in Massachusetts, and then one mid-October in New Hampshire.

**Tracy Weslosky:** Nova Leap has consecutively been, not only showing that they have revenue, making acquisitions. Obviously you have a competitive advantage or two. Can you tell us more about this?

**Chris Dobbin:** Two things, we look at it from a pure acquisition strategy. I think going into the secondary markets or more rural areas has been attractive for us. They are certainly areas that have less competition, great caregivers, great referral sources, down to earth people; just areas that we really like. Once we are in at the operational level our focus really is on dementia care. Just over 60% of our client base would have some form of dementia. That is really the niche market for us. We are focused on helping those folks that have dementia. We have a specific training program that we are rolling out in Canada and the U.S. that is dementia related. That is our strategy going forward as I think about

growing this company and providing great service to the areas that we are in now.

**Tracy Weslosky:** Nova Leap has a number of competitive advantages. I think one thing that I would love our audience to notice is not to assume that your acquisitions are all focused on Canada. In fact most of them seem to be in the United States...to access the complete interview, [click here](#)

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