

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.



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.

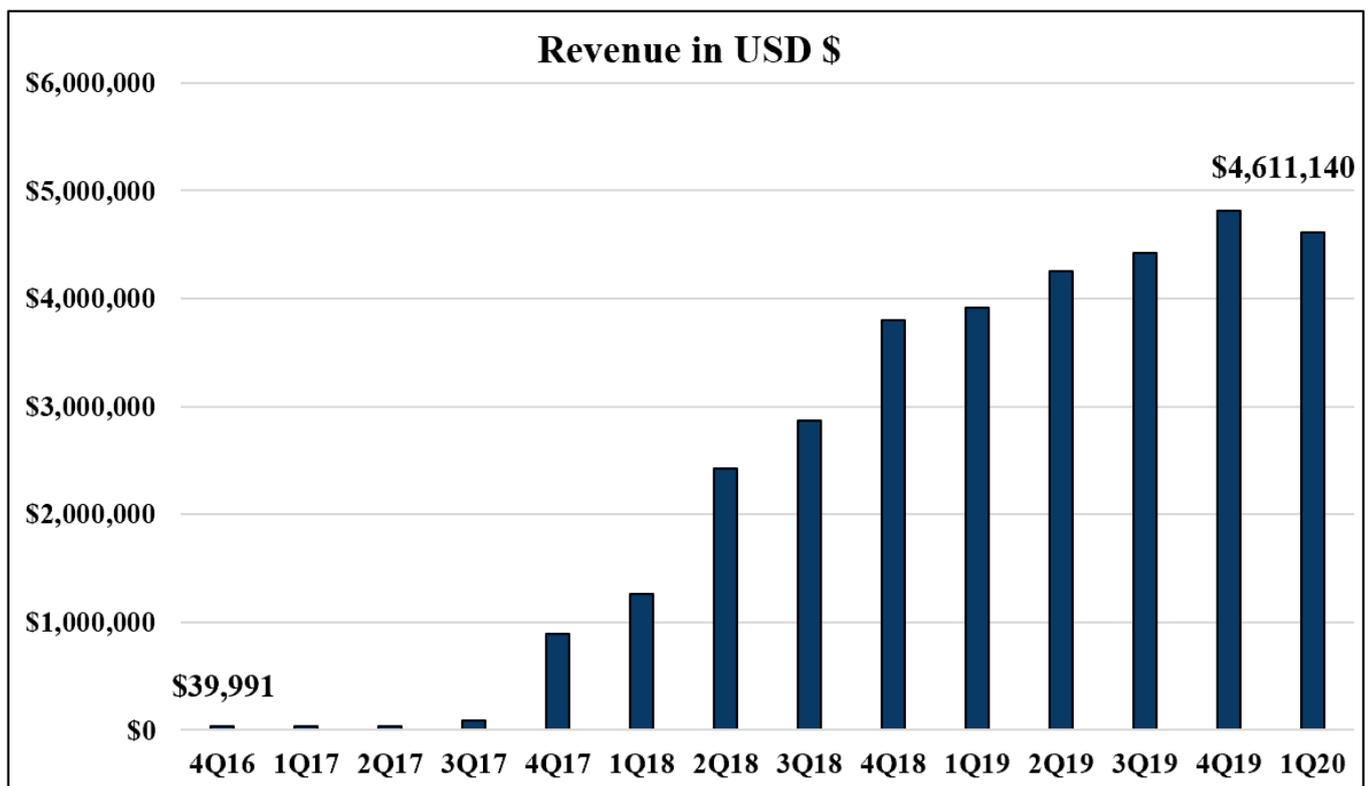
Nova Leap's financials continue to improve despite a minor lull due to COVID-19

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.