

NEWS RELEASE

## Kovo Announces 6th Asset Acquisition

2024-09-11

Vancouver, British Columbia--(Newsfile Corp. - September 11, 2024) - Kovo HealthTech Corporation (TSXV: KOVO) ("Kovo" or the "Corporation") is pleased to announce that its indirect wholly-owned subsidiary, Kovo Acquisitions LLC, has acquired (the "Acquisition") 100% of the assets (the "Assets") of Healthcare Data Management, Inc. ("HDM"), a Maryland medical billing company specializing in Asthma & Allergy, Maternal Fetal Medicine, Orthopedic, Radiology, Cardiology, Internal Medicine, Family Medicine, Mental Health, Endocrinology, Neurosurgery, Infectious Disease, Bariatrics and Chiropractic revenue cycle management.

"This strategic acquisition allows Kovo to continue to build on its accretive growth plan", commented Justin Anderson, Chief Restructuring Officer of Kovo. "I continue to be very impressed with Cheryl Gundy and her team, the amazing level of quality and service they provide, and the outstanding results they achieve for their clinical clients has only improved over time as we've gotten to know them all. HDM has been laser focused on delivering results day after day for 20 years and we look forward to internalizing some of their best kept procedural secrets into the DNA of our teams as we work together in the coming years."

The aggregate purchase price for the Assets totaled USD\$3.3 million (the "Purchase Price") and comprised: (i) USD\$1.1 million in cash paid to HDM at closing; and (ii) the issuance to HDM of a secured promissory note in the principal amount of USD\$2.2 million (the "Note"). The Note provides, among other things, for the principal balance to be paid in four (4) equal installments at six (6), twelve (12), eighteen (18) and twenty-four (24) month intervals post-closing, with interest-only payments to be made monthly. The Note is secured by the Assets and bears interest at a rate equal to the short-term Applicable Federal Rate (AFR) published by the United States Department of the Treasury, Internal Revenue Service at the rate then in effect as of the applicable monthly payment date. The Note further provides that, subject to certain conditions, the principal balance thereon may be reduced on a dollar-for-dollar basis to the extent that the total gross revenue derived from the Assets at the end of certain annual post-

closing periods is less than their base as of closing.

HDM generated revenue (reported in accordance with GAAP) of USD\$2.56 million for the annual period commencing August 1, 2023 and ending July 31, 2024 (unaudited).

In connection with the Acquisition, the Corporation paid finders fees in the amount of \$66,000, representing 2% of the Purchase Price.

#### About Kovo HealthTech Corporation

Kovo HealthTech Corporation is a growing healthcare technology company that specializes in Billing-as-a-Service offering SaaS-style recurring revenue contracts and software for more than 2250 US healthcare providers. Kovo helps healthcare providers digitally track and manage complex patient care registration, services, billing and payments in a seamless way. Currently, through its clients, Kovo processes over \$250 million CAD (\$200M USD) in annual billing transactions for more than 3.5 million patients. By offering effective billing practices, Kovo helps healthcare practitioners get paid so they can focus on offering quality care. To learn more about Kovo and to keep up-to-date on Kovo news, visit **www.kovo.co**.

#### For more information:

Peter Bak, Board Chair

**investors@kovo.co**

1-866-558-6777

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

#### Forward Looking Information

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. More particularly and without limitation, this news release contains forward-looking statements and information relating to, the terms and repayment of the Note, including the principal and interest thereon, the future financial condition of the Corporation, including future revenue from HDM, and expectations regarding the characteristics, value drivers, and anticipated benefits of the Acquisition. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Corporation. Although management of the Corporation believes that the expectations and assumptions on which such forward-looking statements and

information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct. Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Corporation relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this news release are made as of the date hereof, and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/222996>

SOURCE Kovo HealthTech Corporation