



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
KOVO HEALTHTECH CORPORATION**

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021**

DATED NOVEMBER 15, 2021

KOVO HEALTHTECH CORPORATION

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(All amounts expressed in thousands of US dollars, except share or per share amounts)

BACKGROUND

Kovo HealthTech Corporation (“Kovo” or the “Company” or the “Corporation”) was incorporated in British Columbia, Canada on February 20, 2020. The Company’s head office is 1600 – 925 West Georgia Street, Vancouver, BC, V6C 3L2, Canada.

This Management’s Discussion & Analysis (“MD&A”) for the three and nine months ended September 30, 2021, is dated November 15, 2021 and constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for the three and nine months ended September 30, 2021 and guidance related to certain performance criteria post the quarter end. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Corporation for the three and nine months ended September 30, 2021, together with the notes thereto, with reference to the Annual Report for 2020.

Results are reported in thousands of US dollars, unless otherwise noted. The Corporation’s unaudited condensed consolidated interim financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

On May 31, 2021, Kovo completed a reverse takeover transaction pursuant to the terms of an amalgamation agreement dated May 31, 2021, among Kovo, MedWorxs Inc. (“MedWorxs”), a Colorado corporation, and MW Acquisition Corp. (“Merger Sub”), a Colorado corporation and wholly-owned subsidiary of the Company (the “Reverse Takeover”). The Reverse Takeover was completed by way of a “three-cornered” amalgamation pursuant to the provisions of the Business Corporations Act (Ontario) whereby MedWorxs amalgamated with Merger Sub to form an amalgamated corporation and a wholly owned subsidiary of Kovo. Effective May 31, 2021, Kovo completed a Common Share consolidation on the basis of 1:1 old common share into one new Common Share of Kovo (a “Common Share”). All shares and per share amounts have been restated to reflect the share consolidation retrospectively. Since MedWorxs is deemed to be the continuing entity for accounting purposes, this MD&A represents the continuation of its results, and its assets and liabilities are included in the unaudited condensed consolidated interim financial statements at their historical carrying values.

FINANCIAL HIGHLIGHTS

Reported in thousands of USD\$ unless otherwise specified

Revenue Growth

Kovo posted 94% year-over-year (“YoY”) revenue growth during the quarter thanks to a combination of organic growth of its core SaaS-style medical billing software and services business — and a strategic acquisition that delivered immediate accretive growth during the quarter.

Growth Metrics and Increased Year-End Guidance

Based on its strong third quarter results — driven by:

- Strong organic growth
- The acquisition of [Midwest Medical Billing, Services Inc.](#) in July 2021
- Estimated October revenues of \$650 USD, and
- Its [recently announced acquisition of The Cvikota Company](#)**,

Kovo is now reporting Annualized Recurring Revenue (“ARR”) of approximately \$9,000 USD — an increase of 157% versus December 2020 ARR. Based on these results, the Company is raising its year end revenue guidance to \$5,300 - \$5,700 USD. Adjusted EBITDA guidance remains unchanged at 10%.

Third Quarter Highlights

- Revenue for the three and nine months ended September 30, 2021 was \$1,654 and \$3,405 which is 94% and 56% higher than the same period in fiscal 2020. The net loss was \$476 and \$1,368 during the three and nine months ending September 30, 2021.
- The strategic acquisition and successful integration of Midwest Medical in July 2021 contributed an immediate \$446 to quarterly revenue compared to the same period last year. It continues to drive organic growth for the Company.
- The Company completed its 11th consecutive quarter of positive Adjusted EBITDA reflecting the long-term operating discipline within the organization. Adjusted EBITDA for the nine months ending September 30, 2021 was \$137 versus \$85 in 2020.
- The Company previously provided [2021 pro-forma revenue guidance of \\$4,700 to \\$5,100](#). Following the recently announced agreement to acquire [The Cvikota Company](#) and its current run rate, the Company is increasing its 2021 pro-forma revenue guidance to \$5,300 to \$5,700.

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OUTLOOK

Following the successful completion of the Reverse Takeover of Medworx Inc. and the listing of Kovo shares on the TSXV on June 4, 2021, the Company has been aggressive pursuing its accretive growth strategy with two acquisitions over the past five months. Collectively, these transactions position the Company to drive revenue and EBITDA growth through a combination of organic sales growth and a strategy to roll up through acquisition additional RCM businesses.

The dynamics of the US healthcare market are critical to understanding the value of the roll up strategy. Healthcare billing in the United States is federally mandated and the two key tenets of the billing infrastructure are the Quality Payment Program ("QPP") and the Merit-based Incentive Payment System ("MIPS"). The QPP was created by the *Medicare Access and CHIP Reauthorization Act of 2015* ("MACRA"). The QPP transforms the Medicare physician payment system from one focused on volume to one focused on value. MIPS establishes the value-based payment program for healthcare practitioners, under which billings will be made going forward. The federal government's Center for Medicare and Medicaid Services is the proponent of these two programs and has taken a strong stance with respect to these programs, requiring increased reporting obligations for participants in 2020 and 2021. Management believes this will establish the value-based payment program as the predominant revenue model for all payers and providers in the next few years. Hence, the focus on RCM software and service solutions that enable financial risk and quality management at an enterprise level will be intensified. We believe this will also lead to larger healthcare systems consolidating their overall spend on core RCM solutions to a fewer number of incumbent or prominent market participants fueling a market consolidation.

Patients' direct contribution to total provider revenue is increasing rapidly, allowing payers and providers to invest in self-service tools that improve patient's overall financial experience by helping them schedule appointments, verify benefit eligibility, estimate financial responsibility, and facilitate secured payment online, from anywhere.

More patients are also deferring payment on their healthcare bills resulting in cash flow issues and solvency concerns for providers. Hence, back-end RCM processes continue to be important. RCM service providers that specialize in medical billing, bad debt collection and complex contract management will be working more closely with both payers (to provide input on sustainable premiums) and providers (to manage accounts receivable).

Internal research by the Company pursuant to our roll-up business model identifies more than 30,000 RCM vendors in the US market. Of those, more than 14,000 have revenues of under \$10 million. We believe this work confirms the presence of a large prospecting pool for acquisitions at a size suitable to our capital capabilities.

In addition to revenues generated by our existing software and proprietary business practices, with the acquisition of Axon Veterinarian Care Technologies Corp., the Company acquired an IP portfolio related to the delivery of eHealth technology direct to the patient, the ultimate consumer of healthcare services. Today we generate our revenues through interaction with corporate entities including hospitals, clinics and doctors, where we are in direct contact with the patients of our customers. The Axon technology is designed to coordinate teams and delegate actions between the patient and each of the medical practitioners delivering service- the "Circle of Care". We believe these additional technology resources will generate valuable tools for our customers where we can earn additional per-patient recurring revenue, and as a result completing the commercialization of the platform will be a major focus in 2020-2021. Today, the original Axon technology is in use in more than 400 Chinese hospitals and has been tested in the equine veterinary market. Like our existing in-house software, we intend to partially fund development with financial contributions from partners.

This MD&A highlights the strong growth of the Company's business from an ARR in December 2019 of \$1,800 to \$3,500 in December 2020 to \$9,000 based on November 2021 revenue, an increase of 400% in two years and 157% over 2020, reflecting the combination of organic growth with the accretive strategy including the most recent Midwest and Cvikota Company acquisition. The rapid ARR growth with the Midwest and Cvikota Company acquisitions demonstrates the growth potential of

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the business model. The Company intends to continue aggressively pursuing new acquisitions and additional organic growth going forward. As seen in the current quarter, modest lags in cash flow generation are anticipated with new customer acquisition but are anticipated to have progressively less impact on cash flow on payroll as a percentage of revenue as revenues grow.

Three negative trends are currently impacting the Company's financial performance and are anticipated to continue as influences in 2021 and into 2022. First, government mandated and recommended mitigations for rising COVID case numbers tend to reduce patient visits and therefore patient billing revenues, negatively impacting our RCM revenue stream. Currently the impacts of COVID appear to be diminishing as the declining COVID cases in the US, which is reflected by our improving payroll as a percentage of revenue ratio, improving from 101% in Q2 2021 to 71% in Q3 2021.

Second, onboarding new acquisitions requires time to fully bring the new operations into line with our long-term EBITDA performance. The timing and pace of this work is a complex management issue, as there are significant government support programs, including forgivable PPP loans which require maintaining staffing levels to qualify. The additional funding provides the Company the opportunity to participate in these programs negatively impacts near term cash flow but may provide very significant future benefits in term of continuity of experienced staff.

Finally, the costs of the completed public listing negatively impact cash flows in the first half of the year. The impacts include the direct costs related to the listing such as legal and accounting work, but also include reduced management efficiency as the work utilizes time normally applied to day-to-day management of the business. While having had modest impacts on this quarter and our year-to-date results, we anticipate these elements should not impact the remainder of the year.

SELECTED QUARTERLY INFORMATION

	2019		2020				2021		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Revenue	\$ 446	\$ 558	\$ 772	\$ 851	\$ 838	\$ 820	\$ 931	\$ 1,654	
Income/(Loss) from Ops	\$ 12	\$ (266)	\$ (258)	\$ (210)	\$ (474)	\$ (347)	\$ (548)	\$ (337)	
Weighted Avg Shares	15,000,000	20,479,000	24,468,000	28,412,000	26,603,000	30,779,240	31,445,350	33,001,171	
Weighted Avg Diluted Shares	16,100,000	27,264,000	31,334,000	35,278,070	32,319,000	30,779,240	31,445,350	33,001,171	
Per Share Basis	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.01)	
Per Diluted Share Basis	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.01)	
Total Income/(Loss)	\$ (111)	\$ (353)	\$ (35)	\$ (342)	\$ (469)	\$ (367)	\$ (525)	\$ (476)	
Weighted Avg Shares	15,000,000	28,412,070	28,412,070	28,412,070	26,603,000	30,779,240	31,445,350	33,001,171	
Weighted Avg Diluted Shares	16,100,000	35,278,070	35,278,070	28,412,070	32,319,000	30,779,240	31,445,350	33,001,171	
Per Share Basis	\$ (0.007)	\$ (0.012)	\$ (0.001)	\$ (0.00)	\$ (0.00)	\$ (0.012)	\$ (0.017)	\$ (0.01)	
Per Diluted Share Basis	\$ (0.000)	\$ (0.010)	\$ (0.001)	\$ (0.00)	\$ (0.00)	\$ (0.012)	\$ (0.017)	\$ (0.01)	
EBITDA	\$ 60	\$ (205)	\$ 115	\$ (225)	\$ (128)	\$ (176)	\$ (330)	\$ (221)	
ADJUSTED EBITDA	\$ 224	\$ 4	\$ 33	\$ 48	\$ 50	\$ 70	\$ 60	\$ 7	

Q3 2021 revenue increased to \$1,654 from \$931 in Q2 2021, resulting in another record quarter for the Company. Revenues of \$1,654 increased by 94%; up from \$851 during the same period in 2020. During Q3 2021, the Company acquired Midwest Medical Billing, Services Inc. as part of an all-equity funded transaction. The acquisition, which closed on July 1, 2021, was immediately accretive, providing \$446 in revenue and approximately \$140 in net operating income (approximately 30% operating margin). Excluding Midwest's revenue, the Company posted organic growth of \$357 year-over-year, an increase of approximately 42%, driven primarily by two large new client contracts signed in Q2 2021, which are expected to continue to benefit the Company's cash flow in subsequent quarters.

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The positive impact of the Midwest acquisition was partially offset by revenue declines in other operating units of the business as customer revenue declined in Q3 2021 due to the impacts of the COVID-19 pandemic. Analysis of revenue performance for the Company's key customer base suggests that patient visits returned to normal levels in Q3 2021, while the winter surge in COVID cases may have had an impact on revenues in Q1 2021 and into Q2 2021.

Coinciding with its rapid growth, operating costs have increased partly due to a higher overall headcount in personnel. Typically, to leverage synergies, the Company reduces payroll costs post-acquisition. However, given the Company's rapid growth, the growing US labour shortage — and the fact that staffing costs were covered by a \$600 forgivable federal PPP loan — the Company elected to maintain a larger staff. Additional administrative staffing was also required related to the June 4, 2021 transition to a public company.

The Company has historically managed payroll expenses to match revenues, so as sales continue to increase, operating payroll staff expenses has begun to normalize in Q3. In fact, payroll as a percentage of revenue decreased from 97% in Q2 2021 to 71% in Q3 2021 and is expected to continue to stabilize in Q4, leveling out to historical levels in 2022.

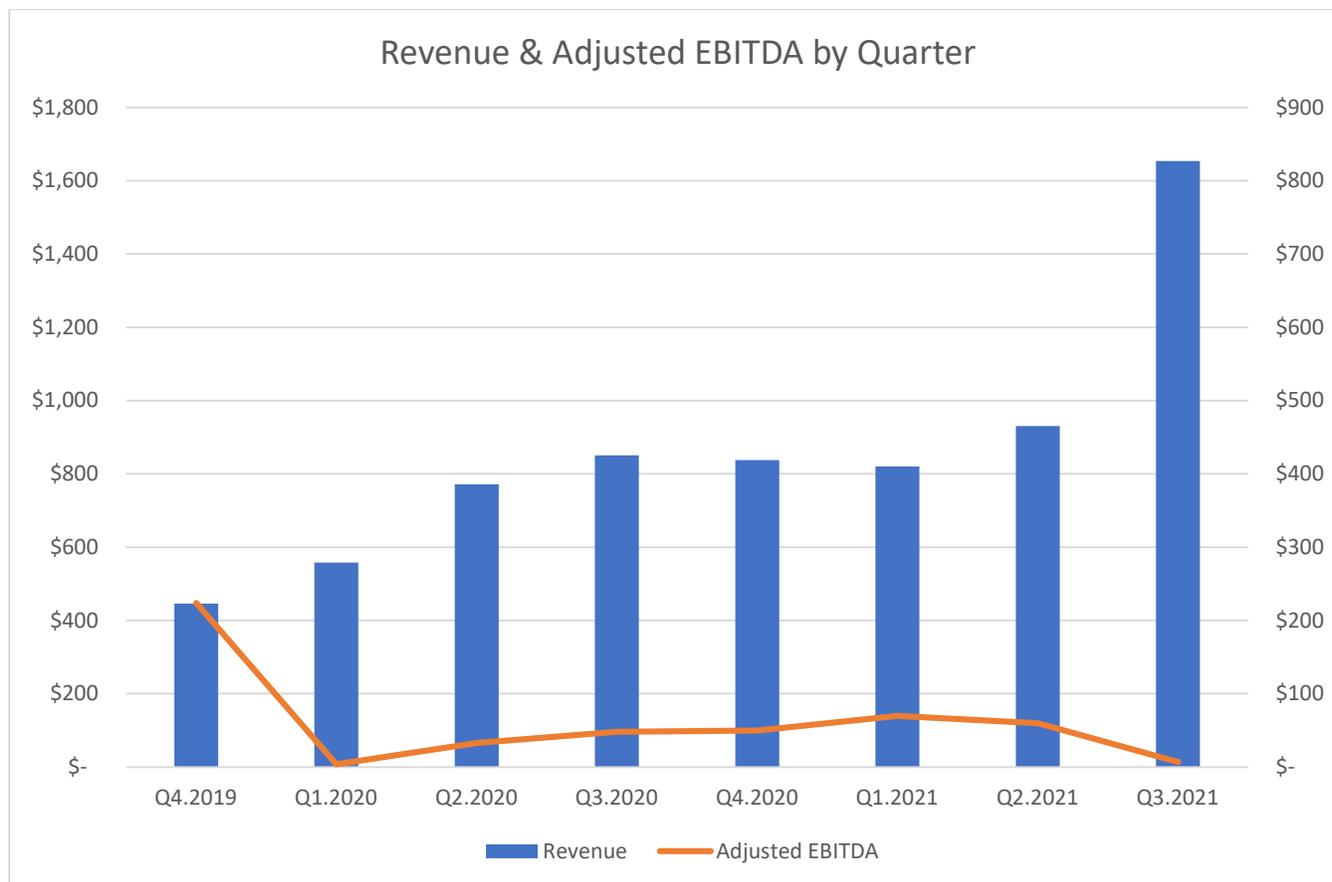
As a new public company, Kovo incurred higher professional fees due related to its public market filing in 2021. In Q3 2021, public company expenses were approximately \$54, with a year-to-date total of \$239, mainly as a result of activities related to the Company's public market filing and listing. The increase in operating costs also includes non-cash share-based compensation expenses of \$34 and amortization of \$150 during the three months ended September 30, 2021. Depreciated assets during 2021 relate to capitalized software development, customer lists and right of use assets.

Operating loss totaled \$337 in Q3 2021, compared to a loss of \$548 in Q2 2021 and an operating loss of \$210 in Q3 2020. Higher operating expenses in 2021 relate to higher payroll expenses in anticipation of onboarding new customers, complying with PPP loan requirements, costs related to the filing of the Company's prospectus with the Ontario Securities Commission, and increased public company expenses related to the successful listing of Company shares on the TSX-V Exchange. Interest expense during the three months ended September 30, 2021 was \$98, reflecting interest paid and/or accrued on debt, compared to interest expense of \$76 incurred during the three months ended June 30, 2021 and \$58 in the three months ended September 30, 2020.

Kovo's total assets increased to \$4,574 during the period ended September 30, 2021 compared to \$3,184 at December 31, 2020. Cash-on-hand increased to \$456, which includes: proceeds received through a private placement (net proceeds of \$609), cash related to the Company's reverse takeover transaction (\$202), and \$600 in cash received via a forgivable PPP loan. Intangible assets and rights of use assets increased to \$615 and \$114 in 2021, primarily as a result of the Company's recent acquisition and the lease assumed as part of that transaction. Goodwill is related to the purchase of Axon Intellectual Property ("IP") and customer lists related to the Company's acquisitions of RPM Medical Billing (May 2021) and Midwest Medical (July 2021). The Company believes the value of the assets is reasonable since RPM and Midwest's sales volumes have both exceeded original forecasts.

Total non-current liabilities increased in the three months of 2021, primarily due to the second tranche of the Company's forgivable federal PPP loan (\$600) and the assumption of \$470 in debt due related to the Company's go-public reverse takeover transaction.

EBITDA and Adjusted EBITDA¹



We utilize EBITDA and Adjusted EBITDA as primary financial metrics to manage performance of the business. The details of the calculation for the nine months ended September 30, 2021 and 2020 are shown below to illustrate the methodology of the calculation. Primary deductions for interest and depreciation charges are shown for EBITDA and the removal of one-time non-recurring charges are shown for calculation of Adjusted EBITDA. We have not made deductions related to onboarding costs for the Axon and RPM acquisitions or the increased costs related to the preparation for the public listing of our shares. We address those costs in the description of quarter-on-quarter and year-on-year changes below.

The Corporation highlights stable revenues for the last eight quarters, and a major increase post acquisition in July 1, 2021. In Q1 2020, the Company completed two acquisitions, Axon and RPM Billing. The RPM Billing acquisition closed on March 2, 2020 and has added over \$3 million in revenue to date. This has been the biggest driver of sales in 2020 and year to date in 2021. The Company incurred additional operational and transitional expenses from Q1 2020 to Q3 2021 to complete the two acquisitions and going public on the TSX-V. The Company anticipates experiencing accretive EBITDA margin in subsequent

¹ Non-GAAP measure. Earnings before interest, taxes, depreciation, and amortization (“EBITDA”) and Adjusted EBITDA should not be construed as alternatives to net income/loss determined in accordance with IFRS. EBITDA and Adjusted EBITDA do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company defines Adjusted EBITDA as EBITDA before goodwill or customer list impairment costs, equity and stock-based expenses, unrealized foreign exchange gains or losses, non-recurring transaction and financings costs and recurring government loans that are eligible to be 100% forgiven by government mandate. The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives on a normalized earnings basis.

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periods as we continue to grow revenue and create synergies from the merged operations, which we will start seeing later in 2021 and early 2022.

The Company notes Adjusted EBITDA for a more normalized context of the Company's operations (excludes non-cash bearing warrant/stock option expenses, unrealized foreign exchange losses, any one-time settlements, deal financing expenses related to raising debt or equity, one time transaction costs and recognition of other income for our Paycheck Protection Plan (PPP) loan since it is eligible to be 100% forgiven in 2021). We believe these results demonstrate prudent cost management and effective customer acquisition through both organic and accretive efforts, demonstrating successful execution of our growth strategy.

With respect to quarterly performance, EBITDA for Q3 2021 was a loss of \$221 versus a loss of \$330 in Q2 2021 and a loss of \$225 in Q3 2020. Adjusted EBITDA for Q3 2021 was earnings of \$7 compared to \$60 in Q2 2021 and \$48 in Q2 2020.

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Net Loss	\$ (476)	\$ (342)	\$ (1,368)	\$ (730)
Add back:				
Interest	105	64	257	258
Depreciation	150	53	384	161
Total	255	117	641	419
EBITDA	\$ (221)	\$ (225)	\$ (727)	\$ (311)
<i>EBITDA %</i>	<i>(13%)</i>	<i>(26%)</i>	<i>(21%)</i>	<i>(14%)</i>
Adjusted EBITDA				
Add back:				
PPP loan forgiveness, net	-	402	200	402
Non-cash equity issuances	34	(13)	97	278
Legal settlement	23	-	23	-
Deal financing costs	108	-	108	-
Transaction costs	63	-	419	-
Unrealized foreign exchange (gain)/loss	-	(116)	17	(284)
Total	228	273	864	396
Adjusted EBITDA	\$ 7	\$ 48	\$ 137	\$ 85
<i>Adjusted EBITDA %</i>	<i>-%</i>	<i>6%</i>	<i>4%</i>	<i>4%</i>

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LIQUIDITY AND CAPITAL RESOURCES

	For the nine months ended	
	September 30, 2021	September 30, 2020
	\$	\$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(1,368)	(730)
Adjustments for non-cash items:		
Depreciation and amortization	384	161
Reverse takeover transaction costs	356	-
Accretion of contingent consideration	20	-
Accretion expense on lease liabilities	20	17
Warrants issued	-	65
Share based compensation	97	87
Net foreign exchange loss	8	16
Interest expense	48	42
Other income	(21)	(45)
Net change in working capital:		
Accounts receivable	(51)	(4)
Due from related party	-	(136)
Other receivables	86	24
Contract assets	-	20
Accounts payable and accrued liabilities	173	102
Taxes payable	(72)	(30)
Contract liabilities	(7)	(70)
Net cash used in operating activities	(327)	(481)
INVESTING ACTIVITIES		
Additions to capitalized software costs	(122)	(123)
Receipts on notes receivable	13	168
Cash received in Axon acquisition	-	170
Cash received in Midwest acquisition	50	-
Cash received in reverse takeover transaction	202	-
Net cash provided by investing activities	143	215
FINANCING ACTIVITIES		
Net receipts on debt	600	667
Net payments on debt	(614)	(282)
Net payments to related parties	(139)	-
Receipts of common share issuances, net	609	-
Receipts of options exercised	17	-
Receipts of warrants exercised	84	-
Lease payments	(70)	(87)
Net cash provided by financing activities	487	298
Net increase in cash	303	32
Cash balance, beginning of the period	153	73
Cash balance, end of the period	456	105

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Operating Activities

During the nine months ended September 30, 2021 the Company used a total of \$327 cash on operating activities (September 30, 2020 – net cash used in operating activities \$481) related to the net loss and comprehensive net loss, payments of tax liabilities, increased accounts receivables and increased payments of contract liabilities. Cash used in operating activities was partly offset by higher noncash expenses, including reverse takeover transaction costs, depreciation and amortization, and share based compensation, and increased receipts of other receivables. . Overall, other receivables increased by \$63 mostly related to a note receivable received from an investor as part of their conversion of warrants to shares and other receivables acquired from the reverse takeover transaction. The largest uses of cash were for payroll expenses, which were higher in 2021 following the RPM and Midwest acquisitions. The Company maintained elevated staffing levels due to the receipt of PPP loans and anticipation for two new contracts which were delayed until late in Q2 2021. In addition, the Company is investing into additional staff and administrative staff as it scales its business, thus as further accretive acquisitions are completed, these costs will diminish as economies of scale are achieved. The Company has begun to see normalization of operating payroll as a percentage of revenue in Q3 and believes this will continue in Q4 2021 as it gains further operating efficiencies. The Company also incurred higher professional fees for legal and accounting for its successful public listing, which will not be recurring expenses.

Investing Activities

During the nine months ended September 30, 2021, net cash provided by investing activities amounted to \$143 (September 30, 2020 – \$215). Cash provided by investing activities related to cash received from the reverse takeover transaction of \$202 (September 30, 2021 - \$nil) and cash received as part of the Midwest acquisition of \$50 (September 30, 2020 - \$nil), partially offset by additions to software development of \$122 (September 30, 2020 - \$123). The Company capitalizes a portion of its expenses related to software developed for generating revenue. These expenditures are amortized over a three-year useful life. The Company received cash receipts on notes receivable of \$13 (September 30, 2020 - \$168). The Company received \$170 as part of the Axon acquisition in 2020 that did not recur in 2021.

Financing Activities

On March 1, 2021 the Company received \$600 as an unsecured forgivable loan payable as part of the second tranche of the US Payment Protection Plan (“PPP”) in response to COVID-19. The loan is 100% forgivable and the Company will be filing for forgiveness in 2021.

During January 2021, 1,540,000 warrants were exercised for \$0.204 per share for gross proceeds of \$58 in cash and a note receivable was issued for the balance.

During February 2021, 100,000 warrants were exercised for \$0.204 per share for gross proceeds of \$20.

During March 2021, 49,020 of stock options were exercised for \$0.204 per share for gross proceeds of \$10.

During March 2021, 14,000 of stock options were exercised for \$0.50 per share for gross proceeds of \$7.

During June 2021, the Company completed a brokered private placement to issue 634,200 shares for net proceeds of \$609.

On July 1, 2021, Kovo issued 1,111,881 common shares of the Company as part of the acquisition of Midwest. In addition, the Company granted 500,000 employee stock options to the Seller, which are exercisable at CAD\$0.77 per share for a period of five years — and will be subject to a four month hold under applicable securities laws and a three year vesting period as part of the Company’s Employee Stock Option Plan (“ESOP”).

During the nine months ended September 30, 2021, net cash generated from financing activities totaled \$487 of which \$609 relates to receipts of common share issuances, \$600 receipts for the PPP loan, \$84 from net receipts of warrants exercised, and \$17 from receipts of options exercised, partly offset by \$614 payments on debentures, \$139 net payments to related parties, and payments on leases of \$70.

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Liquidity and Capital Resources

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

The Company maintains sufficient liquidity to meet its short- and long-term liabilities. The accounts receivable of the business are typically collected in a 30-day period, with limited collectability risk. The Company uses cash flow from operations, short term debt and long-term debt to fund operations. The Company manages its working capital needs and has sourced financing as needed. The Company's working capital can be impacted as noted in the *Risks* section by various factors, including COVID-19. At this time the Company can generate sufficient cash from operating cash flows through prudent management of costs, particularly payroll costs relative to customer billings which are tracked monthly on a customer-by-customer basis. As the Company prepared for its filing to be publicly listed on the Toronto Stock Exchange and in connection with the preparation of the Prospectus, it has incurred significant professional fees in the first nine months of 2021. These listing related expenses are non-recurring and the Company will incur typical public company fees going forward. The Company has accessed debt and equity financing sources as appropriate to meet its working capital needs as noted in the statement of cash flows. See "Contractual Obligations" for further details on payments required over the next several years.

In regard to capital resources, the Company continuously invests capital expenditures into its software platform. The capital expenditures are limited to software development staff and software consultants. These expenses total \$41 in Q3 2020 and \$41 in Q3 2021. The software development related payroll expenses are committed; however, the Company could reduce staffing if necessary to meet its working capital needs while ensuring no loss in services to its customers. The Company does not have any other significant capital expenditure commitments. The Company sourced financing through debt, equity and government loans as needed to meet its working capital requirements. The Company has also raised equity when appropriate and as required to support the growth of its operations.

Use of Proceeds

The Company raised debt and equity to complete its two acquisitions in 2020 and for general working capital purposes as noted above in financing activities. In 2021 the use of proceeds to date has been for the acquisition of Midwest, corporate management, completion of the public listing of the Company's shares, and related negative cash flows in part related to the COVID pandemic.

Accounts Receivable

As at September 30, 2021, accounts receivable was \$136 (December 31, 2020 - \$73). The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. For the nine months ended September 30, 2021, the Company recognized \$24 (December 31, 2020 - \$nil) for bad debts.

Right of Use Assets and Intangible Assets

See note 7 of the Company's unaudited condensed consolidated interim financial statements for details of movement in the Company's right of use assets during the nine months ended September 30, 2021. Also see note 10 of the Company's unaudited condensed consolidated interim financial statements for further details. The two leases remaining related to the right of use assets include two office leases.

Intangible assets include software development costs capitalized over a three-year useful life. In addition, the Company has intellectual property which it amortizes over a five-year useful life and customer lists acquired from the RPM transaction which it amortizes over a fifteen-year useful life.

Contract Liabilities

Contract liabilities represent the deferred revenue that the Company will realize upon completion of key milestones for software development and other projects greater than one fiscal year.

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As at September 30, 2021 the Company had \$18 of contract liabilities (December 31, 2020 - \$25). Contract liabilities consist mainly of fees invoiced or paid by our clients for which the associated services have not been performed and revenues have not been recognized by the Company of each period end.

Contractual Obligations

The following table sets out the Company's contractual obligations (representing undiscounted contractual cash flows) of financial liabilities and commitments:

	12 months \$	1 to 2 years \$	3 to 5 years \$	Total \$
Accounts payable and accrued liabilities	1,050	-	-	1,050
Taxes payable	119	-	-	119
Debts	599	1,567	200	2,366
Contract liabilities	18	-	-	18
Lease liabilities	142	147	-	289
Commitments	227	-	-	227
Contingent considerations	-	472	-	472
	2,155	2,186	200	4,541

The Company has one operating lease for its offices in Reno, Nevada and a second in Omaha, Nebraska. The lease in Reno ends on August 31, 2023. The lease in Omaha ends on October 31, 2023. Another lease, a Data center lease, ended on January 31, 2021, and the Company resides on a month-to-month basis subsequently. Finally, an office lease in Billings, Montana ends on July 31, 2024. The Company entered into an investor relations agreement in June 2021 for an initial six-month term at \$154, or CDN\$186, with automatic renewals for successive three-month periods thereafter, subject to terms of written termination by the Company. On June 4, 2021, the Company entered into a second investor relations agreement at \$70, or CDN\$84 for a twelve-month period. On June 4, 2021, the Company entered an insurance policy for twelve-month period for an aggregate amount of \$138, or approximately \$12 per month.

The debt obligations are several loans to various parties, including the US Small Business Administration. All loans are in good standing and the Company continues to make regular monthly payments as required. The Company manages its working capital needs and has sourced financing as needed. The Company's working capital can be impacted as noted in the *Risks* section by various factors, including COVID-19. At this time the Company can generate sufficient cash from operating cash flows through prudent management of costs, particularly payroll costs relative to customer billings which are tracked monthly on a customer-by-customer basis.

Key Management Compensation

Short-term employee benefits provided by the Company to key management personnel include salaries, directors' fees, statutory benefit contributions, paid annual vacation and paid sick leave as well as non-monetary benefits such as medical care. For the period ended September 30, 2021, the key management personnel of the Company were the Chief Executive Officer, Chief Financial Officer, Chief Marketing Officer, and Chief Compliance Officer.

In addition to short-term employee benefits, the Company may also issue RSUs or options as part of the stock option plan. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly.

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As at September 30, 2021, the Company owed \$nil (December 31, 2020 - \$31) to the CEO as part of general and administrative expenses personally paid by the executive on behalf of the Company. The balances owed to the CEO are unsecured, non-interest bearing with no repayment terms.

For the three and nine months ended September 30, 2021, key management personnel compensation comprising of salaries and equity compensation totaled \$263 and \$713, respectively (three and nine months ended September 30, 2020 - \$135 and \$397, respectively).

SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2021 but prior to the release of these financial statements, the following events occurred:

Private Placement

On October 25, 2021, the Company closed a brokered private placement (the "Private Placement") offering.

As part of the Private Placement, Kovo issued 3,012,500 units at a price of \$0.40 CDN per units for aggregate gross proceeds of \$973, or CDN\$1,205. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share at a price of \$0.70 CDN for a period of 24 months from the closing date, subject to acceleration terms described below. The placement resulted in an immediate increase in cash net of fees of \$860.

The Warrants will be subject to early expiration if, at any time prior to the expiry date of the Warrants, the volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "TSXV"), or other principal exchange on which the Common Shares are listed, is greater than C\$1.00 for 10 consecutive trading days.

Pursuant to applicable Canadian securities laws, the securities issued and issuable in connection with the Private Placement will be subject to a hold period of 4 months ending on February 25, 2022.

In connection with the Private Placement, the Agent received an aggregate cash fee equal to \$43 and an aggregate of 134,063 non-transferable broker warrants (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to purchase one Unit at an exercise price equal to the Offering Price for a period of 24 months following the closing of the Private Placement.

Acquisition

Effective November 1, 2021, the Company entered into an Asset Purchase agreement with The Cvikota Company, Inc. ("The Cvikota Company" or the "Seller"). The Cvikota Company is a Wisconsin-based Revenue Cycle Management specialist firm that has been in business for more than 50 years and provides RCM services. The Company will, through a wholly-owned subsidiary, purchase substantially all of the assets of The Cvikota Company, including associated trademarks, trade names, brand names goodwill, customer lists and customer contracts.

As consideration for the acquisition, the Company will: (i) pay to the Seller cash consideration of approximately \$1,375 USD paid at closing (the "Closing Payment"), (ii) a promissory note (the "Note") in the amount of \$687.5, with interest at the rate of five percent (5%) per annum. and (iii) in January 2022, the Buyer will cause Kovo to issue common shares having a value, in USD, equal to: gross receipts for 2021 actually collected from certain accounts lined to the acquired business, less the Closing Payment, less the face amount of the Note. The pricing of the shares will be the greater of the (i) the 10 day value weighted average of the closing price at issuance, (ii) the Market Price as defined in the TSX Venture Exchange Policy 1.1 on the date prior to issuance, and (iii) CAD\$0.40. The maximum number of shares that may be issued shall not result in a new control person under the policies of the TSXV. Principal of the Note shall be due as to one-half on November 1, 2022, and the remaining half on November 1, 2023.

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The completion of the acquisition is subject to the satisfaction of a number of closing conditions, including receipt of the approval of the TSXV. Provided that all closing conditions are satisfied, the acquisition is expected to close in November 2021. There can be no assurance that the transaction will be completed on the terms contained herein or at all.

Debt Financing

On November 10, 2021, the Company completed a secured acquisition debt facility up to \$7,000 ("Investment Agreement"). The funding is to be used to finance accretive RCM acquisitions. The details of the funding are as follows:

The Investment Agreement has been structured as a non-revolving senior secured multi-draw term facility to fund acquisitions. Under the terms of the Investment Agreement, up to \$7,000 (the "Investment Amount"), up to \$1,500 will be available to be drawn on closing, with each subsequent draw to be subject to the agreement of the Company and the lender. The Company's right to draw any amount in excess of \$4,000 under the facility will be subject to the Company first raising equity financing in the amount of CAD\$1.5 million. Subject to compliance with the policies of the TSXV, the Company will grant to the lender 40% warrant coverage on each tranche priced at market at the time of each such draw and will receive a six-month interest penalty for early termination. The repayment terms are interest only in the range of 15 to 16 per cent for the term of the loan with a balloon payment after 36 months from the first tranche being drawn. Beginning on the fiscal quarter ending June 30, 2022, both the Company and its wholly-owned subsidiary, Kovo Acquisitions LLC are each individually subject to (a) a maximum net debt to EBITDA ratio financial covenant ("Net Debt to EBITDA") of 3.5x until December 31, 2022 after which the Net Debt to EBITDA ratio shall be no more than 3.25x and (b) a fixed charge coverage ratio financial covenant ("FCCR") measured on a year-to-date quarter-end annualized basis, of no less than 1.1x until December 31, 2022, after which the FCCR shall be no less than 1.2x and will be measured on a quarter-end trailing twelve-month basis.

The first tranche of the financing was drawn upon November 10, 2021 to complete the Cvikota acquisition on November 10, 2021 (the "First Tranche Loan"), with an effective date of November 1, 2021. Pursuant to the First Tranche Loan, the Company issued the lender 2,133,943 warrants to acquire common shares of the Company at an exercise price of \$0.35 per common share

CORPORATE OVERVIEW

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 US healthcare clinics, hospitals and private practices. Kovo helps healthcare providers digitally track and manage complex patient care registration, services, billing and payments in a seamless way, using its proprietary OneRev technology platform. By offering effective billing practices and technology through long-term SaaS-style contracts, Kovo helps healthcare practitioners focus on offering quality care.

In addition to driving organic growth in our core business, Kovo is proactively pursuing a disciplined acquisition strategy which targets buying \$1 of ARR for every \$1 investment of debt or equity. Kovo targets medical billing operators with a minimum five-year operating track record to ensure consistent and predictable results. Leading US investment banking firm Lawrence, Evans & Co, estimates a pipeline of more than 15,000 US potential acquisition targets operating within the USD\$1 to \$10 million revenue range.

Kovo does not buy bricks and mortar clinics, which are costly and complex to operate. Instead, the Company focuses on acquiring existing, stable medical billing contracts and converts them over to our platform under SaaS-style agreements. Historically, this asset-light approach creates a 20-30% increase in efficiencies and immediate accretive revenue.

History of Our Business

MedWorx was co-founded in January 2002 by software development and medical billing experts Greg and Jeana Noble in Denver, Colorado. In 2007 MedWorx accelerated its growth by acquiring Healthcare Software Systems, Inc. By 2008, MedWorx began work on its EHR system and in 2010, the Company received certification from the United States Office of National Coordinator.

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In 2018, MedWorx refocused its business to concentrate on healthcare Billing-as-a-Service (also known as RCM in the US market) software products and services. The Company generated revenue through a combination of organic growth through the addition of new customers — and by acquiring medical billing businesses and converting those businesses to the Company's technology platform to optimize efficiencies.

On May 31, 2021, the Company completed a reverse takeover transaction whereby Medworx became its wholly-owned subsidiary and completed a Common Share consolidation. On June 4, 2021, the Company successfully completed its listing on the TSX Venture Exchange ("TSXV") and commenced trading under the symbol "KOVO".

Revenue Streams

The Company has four revenue streams:

- Recurring SaaS revenue for Ambulatory software and eHealth software
- Recurring licensing revenue from Inpatient systems
- Recurring revenue from associated services for our products (such as, electronic claim process, eligibility for reimbursement verifications, and electronic remittance advice)
- Recurring revenue from healthcare Billing-as-a-Service contracts

Kovo currently serves over 1,400 health care providers representing over 3,000,000 active patients, which represents an exciting future opportunity to develop additional patient-facing services and accretive revenue streams.

Reconciliation of Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and restructuring, impairment and other charges, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

"EBITDA" means net income (loss) before amortization and depreciation expenses, finance and interest costs, and provision for income taxes.

"Adjusted EBITDA" adjusts EBITDA for goodwill or customer list impairment costs, equity and stock-based expenses, unrealized foreign exchange gains or losses, non-recurring transaction and financings costs and recurring government loans that are eligible to be 100% forgiven by government mandate ("PPP Loans").

The term Annual Recurring Revenue ("ARR") is a non-IFRS measure and refers to multiplying the monthly revenue for a current month. ARR is a metric typically used by recurring revenue companies to communicate run rate at a specific moment in time

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RISKS AND UNCERTAINTIES

Failure to obtain all Regulatory Requirements for Completion of the Listing

Completion of the Listing is subject to, among other things, the acceptance of the TSXV and the receipt of all necessary regulatory approvals. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Corporation or the trading price of Common Shares after completion of the Listing.

Following Completion of the Listing, the Corporation may Issue Additional Equity Securities

Following completion of the Listing, the Corporation may issue equity securities to finance its activities, including to finance acquisitions. If the Corporation were to issue Common Shares, existing holders of such shares may experience dilution in the Corporation. Moreover, if the Corporation's intention to issue additional equity securities becomes publicly known, the Corporation's share price may be materially adversely affected.

Limited Operating History

While the Corporation's wholly owned subsidiary MedWorx has a history of profitable operation, there can be no assurance given that future operating results will reflect historical results. The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complication, and delays frequently encountered in connection with the establishment of any business. The Corporation will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Corporation will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Uncertainty of Additional Funding

The Corporation may be dependent on third party financing, whether through debt, equity, or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Corporation. Changes in the Corporation's primary United States healthcare market, a claim against the Corporation, a significant event disrupting the Corporation's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favorable terms, or at all. In addition, any future financing may also be dilutive to existing shareholders of the Corporation.

Competitive Conditions

The Corporation will actively compete for acquisition of RCM and other target businesses and will compete for new customers within acquired businesses. Many of the Corporation's competitors may have significantly greater financial resources than the Corporation. The Corporation's competitors may include major healthcare industry Corporations.

Reliance Upon Management

The Corporation will be dependent upon the continued support and involvement of its principles and management. Should the Corporation lose the services of one or more of the principals or management, the ability of the Corporation to achieve its objectives could be adversely affected.

Employees

Our success will depend on the combined skills and efforts of our management and employees. We currently have 62 US based employees, of which we have entered into executive employment contracts with Greg Noble (CEO), Jeana Noble (CCO), and Jon Marshall (CMO). We rely on fractional contractors for some key positions - Inder Saini (CFO) and Ken Ono (CTO), both have vendor contracts.

There can be no assurance that we will be able to recruit and retain the employees we will need in order to successfully execute our business plan. If we are unable to recruit and retain appropriate personnel, our ability to successfully execute our business plan will be severely constrained. In addition, the loss of any key employees, including any of the members of our management team, could have a material adverse effect on our business, financial condition and operating results. There can be no assurance that any persons who may be employed by us will remain with us.

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Conflicts of Interest

Members of the Board of the Corporation may become directors of other reporting companies or have significant shareholdings in other healthcare industry companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the Board may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Corporation and its Board will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Corporation will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a Corporation who has a material interest in a contract or Listing of the Corporation, or a director or officer of a Corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or Listing with the Corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Corporation has no other procedures or mechanisms to deal with conflicts of interest.

Permits and Licenses

The operations of the Corporation will require licenses and permits from various governmental and nongovernmental authorities. The Corporation will obtain all necessary licenses and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits required to carry out its business.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the healthcare industry, RCM, PM or EHR technology, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, and return of capital. This may affect both the Corporation's ability to undertake its business. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of technology utilized in the Corporation's business, would have a material adverse impact on the Corporation's financial performance.

Registration with the SEC

We believe since completion of the listing on the Toronto Venture Stock Exchange we qualify as a Foreign Private Issuer. If, however, as of the last business day of our second fiscal quarter for any year, more than 50% of our outstanding voting securities (as defined in the U.S. Securities Act) are directly or indirectly held of record by residents of the United States, we will no longer meet the definition of a Foreign Private Issuer under the rules of the SEC. Losing Foreign Private Issuer status would require us to file annual, quarterly and current reports and make other filings under the 1934 Act and the U.S. Securities Act in accordance with SEC requirements at the beginning of the fiscal year following the loss of Foreign Private Issuer status. If we fail to qualify for Foreign Private Issuer status, we will remain unqualified unless we meet the test as of the last business day of our second fiscal quarter in the applicable fiscal year. This change in status could have a significant effect on us as it would significantly complicate the raising of capital through the offer and sales of securities and reporting requirements, resulting in increased audit, legal and administration costs, which could significantly affect our profitability.

Volatility of Share Price

In recent years, the securities markets in the United States and Canada, and the Exchange in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values, or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Corporation's shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows, or earnings.

Liquidity

The Corporation cannot predict at what prices Common Shares will trade upon completion of the Listing, and there can be no assurance that an active trading market in Common Shares will develop or be sustained. Acceptance of the Exchange has not yet been obtained. There is a significant liquidity risk associated with an investment in Common Shares.

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Dividends

At the present time, it is unlikely the Corporation's shareholders will receive a dividend on Common Shares.

Software Development

The Axon Technology is available commercially today, however technology adoption is difficult to assess and the Corporation cannot predict whether the technology will reach commercial levels of adoption resulting in material revenues to the business.

Intellectual Property Risk

The Corporation owns its Intellectual Property ("IP"). There remains a risk that our IP could be in conflict with another IP owned by a third party. We have acquired some of our IP from third parties, and that ownership of IP could be challenged in the future if it is very similar to another third party's IP. In addition, other companies could file for patents that would limit our business strategy for expanding our software revenues.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

During the nine months ended September 30, 2021, the Company generated a loss from operations of \$1,232 (September 30, 2020 – loss of \$634), and a net loss of \$1,368 (September 30, 2020 – net loss of \$730). As at September 30, 2021, the Company had a working capital deficit of \$1,182 (December 31, 2020 - \$1,435) and long term debts of \$2,506 (December 31, 2020 - \$1,915) resulting in a net-liability position of \$150 (December 31, 2020 - \$614). Of the working capital, \$600 in loans is not required to be paid in the next 12 months due to the royalty agreement in place with the underwriter which has an open-ended payment term with no principal payment requirements, therefore the adjusted working capital calculation is a deficit of approximately \$582. These factors may form a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern. Management intends on financing its future development activities and operations from the sale of equity and debt securities. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise sufficient financing or generate sufficient future cash flows from profitable business activities. Refer to note 5 in the December 31, 2020 consolidated financial statements and notes 5 and 17 in the September 30, 2021 unaudited condensed consolidated interim statements for acquisitions closed during 2020 and 2021, respectively, which are expected to provide accretive working capital, additional revenue and positive operating income.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. Since the outbreak of COVID-19, the Corporation has focused its efforts on safeguarding the health and well-being of its employees, consultants, and community members. To help slow the spread of COVID-19, the Corporation's employees have been working remotely, and abiding by local and national guidance put in place in Canada and the United States, related to social distancing and restrictions on travel outside of the home. The Corporation has and will continue to abide by the protocols within Canada and the United States regarding the performance of work activities.

The duration and the eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and therefore the impact on the financial results and condition of the Corporation is subject to considerable risk uncertainty. To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. In the event that the operations or development of the Corporation are suspended or scaled back, or if the Corporation's customer's operations are disrupted, such events may have a material adverse effect on the Corporation. The Corporation may also experience delays in operation of its slower administrative processes and response times for claims caused by the COVID-19 pandemic and the related restrictions. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse effect on the Corporation.

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FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Corporation’s ability to predict or control. For a complete list of the factors that could affect the Corporation, please make reference to those risk factors referenced in *Risks and Uncertainties*. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Corporation’s ability to meet its working capital needs at the current level for the next twelve-month period; management’s outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Corporation does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.