



**UNAUDITED CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF
KOVO HEALTHTECH CORPORATION**

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022**

Management's Comments on Unaudited Condensed Interim Condensed consolidated interim financial statements

The accompanying unaudited condensed interim condensed consolidated interim financial statements of Kovo HealthTech Corporation, for the three and nine months ended September 30, 2023, have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited condensed interim condensed consolidated interim financial statements have not been reviewed by an auditor.

KOVO HEALTHTECH CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(All amounts expressed in thousands of US dollars, except share or per share amounts)

Consolidated Statements of Financial Position

	Note	September 30, 2023 \$	December 31, 2022 \$
Assets			
Current			
Cash		287	692
Accounts receivable	4	228	275
Other receivables and prepaid expenses	4	127	215
Current portion of promissory note receivable	4	215	5
		\$ 857	\$ 1,187
Non-current			
Long term accounts receivable	4	3	35
Right-of-use assets	6	320	229
Property and equipment		42	54
Intangible assets	7	4,173	2,857
Promissory note receivable	4	-	201
Goodwill		3,795	2,371
Total Non-Current Assets		8,333	5,747
Total assets		\$ 9,190	\$ 6,934
Liabilities and shareholders' equity (deficiency)			
Current			
Accounts payable and accrued liabilities		1,683	844
Taxes payable		9	36
Short term debts	8	3,144	997
Contract liabilities		-	2
Current portion of lease liabilities	9	177	125
		\$ 5,013	\$ 2,004
Non-current			
Long term debts	8	2,611	3,891
Lease liabilities	9	150	115
Total liabilities		\$ 7,774	\$ 6,010
Shareholders' equity (deficiency)			
Share capital	10	8,681	5,803
Contributed surplus	10	1,963	1,380
Deficiency		(9,228)	(6,259)
Total shareholders' equity (deficiency)		\$ 1,416	\$ 924
Total liabilities and shareholders' equity (deficiency)		\$ 9,190	\$ 6,934

Nature of operations and going concern (Note 1)

Contingencies (Note 14)

Subsequent events (Note 16)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

KOVO HEALTHTECH CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Consolidated Statements of Operations and Comprehensive Loss

Note	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Revenue				
RCM revenue	2,399	2,321	6,344	7,090
Inpatient systems	117	103	353	302
Software revenue	56	48	154	429
Credentialing Services	65	27	157	82
Ambulatory software	44	48	135	145
Hourly Services	51	55	150	142
Total revenue	\$ 2,732	\$ 2,602	\$ 7,293	\$ 8,191
Operating expenses				
Salaries and benefits	2,358	1,906	6,277	5,671
General and administrative	11 803	707	2,154	2,216
Share-based compensation	10 21	59	245	225
Depreciation and amortization	6,7 204	179	546	486
Total operating expenses	\$ 3,386	\$ 2,851	\$ 9,222	\$ 8,598
Net operating loss	\$ (654)	\$ (249)	\$ (1,929)	\$ (407)
Other income (expense)				
Interest expense	(144)	(168)	(455)	(560)
Other expense	8 3	(1)	(426)	(1)
Financing charges	(2)	-	1	-
Acquisition-related expenses	-	-	(191)	-
Other income	-	639	31	640
Net other income (expense)	\$ (143)	\$ 470	\$ (1,040)	\$ 79
Net loss and comprehensive loss	\$ (797)	\$ 221	\$ (2,969)	\$ (328)
Loss per share				
Basic	12 (0.014)	0.006	(0.059)	(0.008)
Diluted	12 (0.014)	0.006	(0.059)	(0.008)
Weighted average number of common shares outstanding				
Basic	12 57,543,906	39,809,667	50,516,800	39,121,960
Diluted	12 57,543,906	39,809,667	50,516,800	39,121,960

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Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

	Note	Number of common shares outstanding	Share capital \$	Contributed surplus \$	Deficiency \$	Total shareholders' deficiency \$
Balances as at December 31, 2021		36,154,184	4,844	995	(6,009)	(170)
Share-based compensation	9	657,884	98	127	-	225
Acquisition share issuance	9	3,131,838	861	-	-	861
Net loss and comprehensive loss		-	-	-	(328)	(332)
Balances as at September 30, 2022		39,943,906	5,803	1,122	(6,337)	584
Balances as at December 31, 2022		39,943,906	5,803	1,380	(6,259)	924
Share-based compensation	9	-	-	245	-	245
Acquisition share issuance	9	17,600,000	2,878	-	-	2,878
Warrants issued	9	-	-	338	-	338
Net loss and comprehensive loss		-	-	-	(2,969)	(2,969)
Balances as at September 30, 2023		57,543,906	8,681	1,963	(9,228)	1,416

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KOVO HEALTHTECH CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(All amounts expressed in thousands of US dollars, except share or per share amounts)

Consolidated Statements of Cash Flows

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss and comprehensive loss	(797)	221	\$ (2,969)	\$ (328)
Adjustments for non-cash items:				
Depreciation and amortization	205	179	546	486
Interest expense	(1)	58	52	167
Loan forgiveness	-	(608)	-	(608)
Accretion expense on lease liabilities	8	10	23	38
Share based compensation	21	59	245	225
Net foreign exchange gain (loss)	-	(12)	-	(17)
Gain on lease modification	3	(12)	(11)	(12)
Loss from extinguishment of debt	-	-	428	-
Net change in working capital:				
Accounts receivable	45	97	79	(10)
Other receivables	3	167	88	70
Accounts payable and accrued liabilities	490	(54)	839	(139)
Taxes payable	(9)	(3)	(27)	(49)
Contract liabilities	-	-	(2)	-
Net cash generated (used) in operating activities	\$ (33)	\$ 102	\$ (708)	\$ (177)
INVESTING ACTIVITIES				
Additions to capitalized software costs	(125)	(102)	(275)	(183)
Additions to property and equipment	(2)	(72)	(28)	(78)
Acquisition of E&A	0	-	(2,700)	-
Acquisition of Kairos	-	-	(150)	-
Receipts on notes receivable	2	2	5	5
Net cash generated (used) in investing activities	\$ (125)	\$ (172)	\$ (3,149)	\$ (256)
FINANCING ACTIVITIES				
Net receipts on debt	-	-	3,263	1,850
Net payments on debt	(24)	(60)	(2,890)	(785)
Receipts of common share issuances, net	-	-	3,216	-
Lease payments	(52)	(62)	(137)	(213)
Net cash generated (used) in financing activities	\$ (76)	\$ (122)	\$ 3,452	\$ 852
Net (decrease) increase in cash	(234)	(192)	(405)	419
Cash balance, beginning of the period	521	1,322	692	711
Cash balance, end of period	\$ 287	\$ 1,130	\$ 287	\$ 1,130
Supplemental information				
Income taxes paid	(9)	-	(27)	(20)
Loss on extinguishment of debt	-	-	(428)	-

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Kovo HealthTech Corporation (“Kovo” or the “Company”) 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.

The Company sells services and software to medical clinics and medical facilities. There are four revenue streams generated through a combination of internal software development and acquisition of existing businesses and assets. The key business lines include:

- Recurring Revenue from Revenue Cycle Management Services (“RCM” revenue)
- Recurring licensing revenue from Inpatient systems
- Recurring SaaS revenue for Ambulatory software and eHealth software
- Recurring revenue from associated services for our products (such as, electronic claim process, eligibility for reimbursement verifications, and electronic remittance advice)
- Recurring revenue from Credentialing Services
- Recurring revenue from Hourly Services

Kovo is primarily engaged in delivering software solutions and services including Revenue Cycle Management (“RCM”) and Electronic Health Records to medical practices and hospitals. The Company acquires customers primarily through acquisition of existing RCM and other software businesses in the United States.

Going Concern

These condensed consolidated interim 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 condensed consolidated interim 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, 2023, the Company incurred a loss from operations of \$1,929 (September 30, 2022 – loss of \$407), and a net loss of \$2,969 (September 30, 2022 - net loss of \$328) and cash used in operating activities of \$708. As of September 30, 2023, the Company had a working capital deficit of \$4,156 and an accumulated deficit of \$9,228. These factors create a material uncertainty that cast significant doubt regarding the Company’s ability to continue as a going concern. Management intends to finance its future development activities and operations from the sale of equity and debt securities. There is no assurance that the Company will be able to generate positive cash flows from operations or obtain additional financing on terms acceptable to the Company. 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.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

(a) Statement of Compliance

These condensed consolidated interim financial statements are unaudited. These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the December 31, 2022 annual consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these condensed consolidated interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the December 31, 2022 annual consolidated financial statements.

These condensed consolidated interim financial statements were approved by the board of directors of the Company for issue on November 27, 2023.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION (continued)

(b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below.

(c) Basis of Consolidation

The condensed consolidated interim financial statements include: the accounts of Kovo; Kovo's wholly owned subsidiaries, Kovo Inc. (formerly MedWorxs Inc. (US Corporation), Kovo Acquisitions LLC (US Corporation) , and Kovo Human Capital LLC (US Corporation); Kovo Inc.'s (formerly MedWorxs Inc.) wholly owned subsidiaries, RPM Billing LLC (US Corporation), NOC5280 LLC (US Corporation) and); and Kovo Acquisitions LLC's operating businesses in the US including Midwest Medical Billing Services (US Corporation), The Cvikota Company, Inc. (US Corporation), E&A Medical Billing ("E&A") (US Corporation), and Kairos Billing Solutions LLC (US Corporation). Control is achieved when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities, are exposed to, or have rights to, variable returns from involvement with the entity and have the ability to affect those returns through power over the entity. The subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Net loss and comprehensive loss of subsidiaries acquired during the period are recognized from the date of acquisition or effective date of disposal, as applicable. Significant intercompany balances and transactions are eliminated on consolidation.

(d) Segments

The condensed consolidated interim financial statements include one operating segment for the overall business. The operating results are regularly reviewed by the chief operating decision makers to determine decisions about resources and how they will be allocated to determine performance. At this time, management does not make decisions by revenue stream, but rather as an organization as a whole on a consolidated basis. Therefore, the condensed consolidated interim financial statements are presented as one operating segment.

(e) Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in US dollars ("USD"), which is also the functional currency of all subsidiaries.

The functional currency of the Company is determined to be the US dollar by management based on consideration of the currency and economic factors that primarily influence the Company's revenues and the costs of its business operation while the functional currency of the holding company is determined to be Canadian dollars.

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, any foreign currency denominated monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies are translated using the historical rate. Gains and losses on transactions are included in the consolidated statements of operations and comprehensive loss.

(f) Use of Estimates and Judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated year end financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION (continued)

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

(i) Estimates

Fair value measurement of non-interest-bearing debt

The Company has estimated, on initial recognition, the fair market value of certain debts that do not have a defined coupon rate, using a comparative interest rate for similar liabilities and a discounted cash flow to determine a reasonable present value. Additional details on debt are disclosed in Note 8.

Fair value measurement of stock options and warrants

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for stock options and warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the stock options and warrants, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for stock options and warrants are disclosed in Note 10.

Going concern

The assumption that the Company will be able to continue as a going concern (refer Note 1) is subject to estimates and judgement by management including the Company's short and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning.

Useful life of capitalized software costs

The Company assumed that its software capital asset had a useful life of three years. The Company based this value on the average cycle of software upgrades and changes made to its software platform utilized by its clients. The useful life was estimated based on management's numerous years in the software business line and typical trend of software upgrades required.

Goodwill, intangible assets, and related impairment

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required to determine the frequency with which these assets are to be tested for impairment. The Company uses judgment in determining the grouping of assets to identify its Cash Generating Units ("CGUs") for purposes of testing for impairment of intangible assets and goodwill. In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate.

Future cash flows are estimated based on multiyear extrapolation of the most recent budgets and a terminal value calculated by discounting the final year in perpetuity. The growth rate applied to the terminal value is based on Management's estimate of the growth rate specific to the CGU being tested. The future cash flow estimates are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to each business. The Company's determination of a CGU's recoverable amount based on fair value less cost to sell uses factors such as royalty rates for comparable assets. The Company's intangible assets consist of customer relationships, of which arose from business combinations.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION (continued)

(ii) Accounting judgements

Income taxes

The Company recognizes the tax benefit from an uncertain tax position only if it is probable that the tax position will be sustained based on its technical merits. The Company measures and records the tax benefits from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company's estimated liabilities related to these matters are adjusted in the period in which the uncertain tax position is effectively settled, the statute limitations for examination expires, or when additional information becomes available. The Company's liability for unrecognized tax benefits requires the use of assumptions and significant judgment to estimate the exposures associated with our various filing positions.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially such differences will affect the tax provisions in the period in which such determination is made.

Although the Company believes that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect our effective income tax rate and income tax provision.

Leases

Leases require lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If the rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leases assets is not available. The Company determines the incremental borrowing rate as the interest rate of the Company would pay to borrow over a similar economic environment. The weighted average rate applied was 10.70% per annum. Leases require lessees to estimate the lease term. In determining the period in which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The fair value of the issued equity was determined based on the most reliable and observable fair value measures being the value of shares and warrants the legal parent had outstanding at the time of the Reverse Takeover (1 common share).

Consolidation

The Company uses judgment in determining the entities that it controls and consolidates accordingly. An entity is controlled when the Company has power over an entity, exposure, or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are the activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim condensed consolidated interim financial statements are the same as those applied in the Company's annual condensed consolidated interim financial statements for the year ended December 31, 2022. In the period ended September 30, 2023, the Company has not early adopted any standard, interpretation, or amendment.

4. CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Management

The Company's objectives when managing its capital are:

- To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
- To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- To safeguard the Company's ability to obtain financing should the need arise; and
- To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company is exposed to various financial risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, market risk including currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, and in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital to consist of total equity. The Company is not subject to externally imposed capital requirements.

Financial Risks

a) Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash, accounts receivable and a promissory note receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

There is no concentration risk for accounts receivables as no one customer represents greater than 10% of the Company's total sales. The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. As of September 30, 2023, the Company had an allowance for doubtful accounts balance of \$67 (September 30, 2022 - \$15).

On November 1, 2022, the Company entered into a two-year IP licensing agreement of which \$100 is included in accounts receivable and \$3 in long term accounts receivable.

On November 8, 2021, the Company amended the terms of a non-interest bearing secured promissory note receivable with the Companies Executive Chairman which was originally issued January 21, 2021, extending the due date from February 5, 2022 to February 15, 2024. The new agreement contains fixed monthly payments for 24 periods effective November 15, 2021, with the remaining balance being paid on February 15, 2024. Given that the loan is interest free and long term, the Company discounted the promissory note receivable at a market interest rate of 9% resulting in a financing expense of \$40 to be accreted over the term of the loan. As of September 30, 2023, \$215 (September 30, 2022 - \$6) was included in current portion of promissory note receivable and \$nil (September 30, 2022 - \$197) in non-current portion promissory note receivable and \$14 (September 30, 2022 - \$13) being included in interest income.

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4. CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following table provides information regarding the aged trading receivables:

	Current	31-60 days	61-90 days	91+ days
September 30, 2023	84%	11%	4%	1%

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and remain solvent. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

To date, the Company has generated operating losses and net cash outflows from operations (Note 1) and has relied on equity to fund its operations and acquisitions and will need to continue to secure additional funding for operations (Note 8). Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that financing will be on terms advantageous to the Company.

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

	12 months	1 to 2 years	3 to 5 years	Thereafter	Total
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,683	-	-	-	1,683
Debts	3,438	483	355	2,862	7,138
Lease liabilities	204	88	80	-	372
	5,325	571	435	2,862	9,193

c) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has one debt instruments subject to variable interest rates (Note 8). If the interest rates were to increase substantially that would have a negative impact on the Company cash reserves and debt instruments. If the interest rates were to fluctuate by 1%, based on a weighted average cost of interest, the impact on interest expense incurred by the Company for the nine months ended September 30, 2023, would be nil (September 30, 2022 - \$4). The Company monitors the American prime interest rate carefully and ensures any significant increases would be mitigated through sufficient cash on hand, raising additional capital or renegotiating terms with the debt underwriter.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of the Company's financial instrument that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate. The Company is exposed to the currency exchange rate risk on the following balances held in Canadian dollars:

	September 30, 2023
	\$
Cash	9
Notes and other receivables	37
Accounts payable and accrued liabilities	69

The Company does not use derivative financial instruments to mitigate its exposure to currency risk. Management, however, mitigates currency risk by regular monitoring, transacting in stable currencies, matching the foreign currency receivables and payables and minimizing the net exposure in any foreign currency at any point of time. A 100 basis points change in the value of the Canadian currency will result in the increase/decrease in the Company's net loss of \$1 (September 30, 2022 – net loss of \$3).

4. CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Insurance

The Company entered a new Directors and Officers (“D&O”) insurance contract on June 10, 2023, with an annual insurance premium of \$168. The full amount of the insurance premium has been financed with monthly payments of \$14. The Company is accounting for this contract on a net basis with the prepaid asset being offset against the related obligation from the financing arrangement.

5. AQUISITIONS

Acquisition of E&A Medical Billing

On April 20, 2023, Kovo completed the acquisition of E&A Medical Billing (“E&A” or the “Seller”). Under the terms of the acquisition, Kovo paid to the Seller cash consideration of USD \$2,700.

In accordance with the measurement period permitted under IFRS 3 - Business Combinations, the fair value of the assets acquired, and liabilities assumed have been determined on a provisional basis on the assumptions noted. The Company has determined the fair values of assets and liabilities acquired and identifying any other intangible assets that exist at the date of acquisition. As a result, the enterprise value was determined to be \$2,922 on the date of acquisition. Goodwill is attributable to the customer list, expected synergies, and other intangible assets that the Company has identified.

	Total
Cash Consideration	2,700
Total Debt Assumed	222
Enterprise value	\$ 2,922

Allocation of purchase price	Total
Right of use assets	222
Customer Relationships	1,341
Goodwill	1,359
Total allocation of purchase price	\$ 2,922

E&A’s results are consolidated in the Company’s financial results effective April 20, 2023. For the three and nine months ended September 30, 2023, E&A contributed \$242 and \$292 to the Company’s consolidated operating income and to the total comprehensive income.

	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2023
	\$	\$
Revenue	772	1,500
Total comprehensive income for the period	248	478

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5. ACQUISITIONS (continued)

The following table provides summarized financial information for E&A’s operations from January 1, 2023 to September 30, 2023:

	For the period ended September 30, 2023
	\$
Revenue	2,191
Total comprehensive income for the period	662

The accounting is not yet complete, and the amounts assigned to assets acquired and liabilities assumed are provisional. Therefore, this may result in future adjustments to the provisional amounts as information is obtained about facts and circumstances that existed at the acquisition date.

Acquisition of Kairos Billing Solutions

On June 6, 2023, Kovo completed the acquisition of net assets of Kairos Billing Solutions (“Kairos” or the “Seller”). Under the terms of the acquisition, Kovo paid to the Seller cash consideration of USD\$150,000.

In accordance with the measurement period permitted under IFRS 3 - Business Combinations, the fair value of the assets acquired, and liabilities assumed have been determined on a provisional basis on the assumptions noted. The Company has determined the fair values of assets and liabilities acquired and identifying any other intangible assets that exist at the date of acquisition. As a result, the enterprise value was determined to be \$150 on the date of acquisition. Goodwill is attributable to the customer list, expected synergies, and other intangible assets that the Company has identified.

	Total
Cash Consideration	150
Enterprise value	\$ 150

Allocation of purchase price	Total
Customer Relationships	85
Goodwill	65
Total allocation of purchase price	\$ 150

Kairos’s results are consolidated in the Company’s financial results effective June 6, 2023. For the three and nine months ended September 30, 2023, Kairos contributed \$10 to the Company’s consolidated operating income and to the total comprehensive income.

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5. ACQUISITIONS (continued)

	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2023
	\$	\$
Revenue	154	209
Total comprehensive loss for the period	(10)	(5)

The following table provides summarized financial information for Kairos operations from January 1, 2023 to September 30, 2023:

	For the period ended September 30, 2023
	\$
Revenue	455
Total comprehensive income for the period	(3)

The accounting is not yet complete, and the amounts assigned to assets acquired and liabilities assumed are provisional. Therefore, this may result in future adjustments to the provisional amounts as information is obtained about facts and circumstances that existed at the acquisition date.

6. RIGHT-OF-USE ASSETS

	ROU Assets	
Cost		
Balances as at Dec 31, 2022	\$	585
Additions		222
Lease modification		(10)
Balances as at September 30, 2023	\$	797
Accumulated Depreciation		
Balances as at Dec 31, 2022	\$	(356)
Amortization	\$	(121)
Balances as at September 30, 2023	\$	(477)
Net Book Values as at December 31, 2022	\$	229
Net Book Values as at September 30, 2023	\$	320

The right-of-use assets represent an operating lease for the data center and office leases, all of which are utilized by the Company as at the reporting period (Note 9).

The Company acquired E&A, effective on April 20, 2023 (Note 5) for details on the acquisition. As part of the acquisition The Company obtain the rights to use to and obligation connected with an office lease in Phoenix, Arizona. We have included this new right of use asset office lease as an addition of \$222 during the period ending September 30, 2023.

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6. RIGHT-OF-USE ASSETS (continued)

The Company disposed of three leases during 2022, which resulted in disposals totalling \$378, and a reversal of amortization on the disposals of \$225. On July 16, 2022, the Company terminated the Cvikota office lease in Knoxville, Tennessee, on July 30, 2022, the Company terminated the RPM lease in Reno, Nevada and on October 31, 2022, the Company terminated the Midwest office lease in Omaha, Nebraska.

For the period ended September 30, 2023, the Company notes that it also recorded additional depreciation in the amount of \$40 (September 30, 2022: \$31) related to computer equipment, ERP implementation fees and company websites.

7. INTANGIBLE ASSETS

	Intangible Assets			
	Intellectual		Software	Total
	Property	Customer Lists		
Cost				
Balances as at December 31, 2022	\$ 458	\$ 2,831	\$ 955	\$ 4,244
Additions	\$ -	\$ 1,426	\$ 275	\$ 1,701
Balances as at September 30, 2023	\$ 458	\$ 4,257	\$ 1,231	\$ 5,946
Accumulated Amortization				
Balances as at December 31, 2022	\$ (458)	\$ (312)	\$ (618)	\$ (1,388)
Amortization	\$ -	\$ (225)	\$ (160)	\$ (385)
Balances as at September 30, 2023	\$ (458)	\$ (537)	\$ (778)	\$ (1,773)
Net carrying amount as at December 31, 2022	\$ -	\$ 2,519	\$ 337	\$ 2,857
Net carrying amount as at September 30, 2023	\$ -	\$ 3,720	\$ 453	\$ 4,173

Software licenses are capitalized as part of the Company's review of IAS 38 guidelines. The Company capitalizes 50% of its software development salaries and amortizes them over a 36-month period. The Company completes an impairment analysis to ensure the carrying value is supported by the revenue generated from the software licenses. Other intangible assets include customer relationships acquired with the E&A acquisition and customer relationships acquired with the Kairos. Customer relationships are recorded at the fair value as at the time of the acquisition and amortized over ten to fifteen years on a prorated basis.

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8. DEBTS

Principle balances as of September 30, 2023

Short Term Debt	Interest Rate	Principle Balance 9/30/2023	Interest Rate	Principle Balance 9/30/2022
Avonlea Debt	12.00%	\$ 3,013		\$ -
Paypal Working Capital Loan		\$ -	25.40%	\$ 67
Short Term Debt/ Weighted Average Interest Rate	12.00%	\$ 3,013	25.40%	\$ 67

Long Term Debt	Interest Rate	Principle Balance 9/30/2023	Interest Rate	Principle Balance 9/30/2022
EIDL Loan	3.75%	\$ 2,026	3.75%	\$ 2,045
Promissory Note to Curt Cvikota	5.00%	\$ 337	0.00%	\$ -
Health Cell	8.00%	\$ 250	0.00%	\$ -
Tech-Time Debts	10.25%	\$ 128	7.50%	\$ 204
Flow Capital Acquisition Line	0.00%	\$ -	16.00%	\$ 1,222
Promissory Note to Curt Cvikota	0.00%	\$ -	5.00%	\$ 666
Hingwala Convertible Debt	0.00%	\$ -	25.00%	\$ 212
Small Business Administration Loan 2	0.00%	\$ -	7.50%	\$ 196
Small Business Administration Loan 1	0.00%	\$ -	7.50%	\$ 175
Funding Circle Loan	0.00%	\$ -	15.82%	\$ 53
Small Business Administration Loan 3	0.00%	\$ -	7.50%	\$ 49
Long Term Debt/ Weighted Average Interest Rate	4.59%	\$ 2,742	8.58%	\$ 4,822

Total Debt/ Weighted Average Interest Rate	8.47%	\$ 5,755	8.81%	\$ 4,889
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Weighted Average Interest Rate Increase for 100bp Increase in Fed Rate	8.49%		8.94%	
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Short Term Debt

Avonlea Loan

On April 20, 2023, the Company entered a senior secured loan agreement to obtain funds up to seven million dollars with Avonlea Ventures #2 Inc. with a maturity date of April 30, 2024. Interest is paid monthly at a rate of 12% per annum. The Company received funds from the first tranche in the amount of \$2,700 on April 20, 2023.

Funds from the second tranche were received on June 2, 2023, in the amount of \$313. The principal and any unpaid interest are due at the maturity date.

PayPal Working Capital Loan

On February 2, 2020, the Company obtained a secured working capital loan of \$100 from WebBank or also known as PayPal Working Capital with a minimum payment required every 90 days of \$6. The loan has an approximate interest rate of 25.4% per annum (June 30, 2022 - 25.4% per annum). The loan is due within twelve months of issuance.

As of February 2021, the loan was renewed for another twelve months with the option to extend indefinitely as long as minimum payment required every 90 days (\$3) is paid. As of September 30, 2023, the balance was \$nil in short term debts (September 30, 2022 - \$67). The balance was paid in full on April 20, 2023.

8. DEBTS (continued)

Long Term Debt

EIDL loan

On June 8, 2020, the Company received \$150 and on April 26, 2022, the Company received an additional amount of \$1,850, for a total of \$2,000, from the U.S. Small Business Administration (“SBA”) under the Economic Injury Disaster Loan (“EIDL”) program administered by the SBA, which program was expanded pursuant to the CARES Act. EIDL is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation to health care benefits, rent, utilities, and fixed debt payments.

The loan carries an interest rate of 3.75% per annum and is amortized over 30 years, with the first payment due 30 months after the loan origination date, accruing interest until payments commence. Such amounts will reduce the Company’s PPP loan forgiveness amount described below. The Company incurred \$60 in interest expense during the nine months ended September 30, 2023. As of September 30, 2023, the balance was \$2,026 (December 31, 2022 - \$2,055), of which \$39 was included in short term debt and \$1,987 included in long term debt.

Promissory Note to Curt Cvikota

On November 1, 2021, the Company acquired the assets of The Cvikota Company and as part of the consideration issued a non-secured promissory note for \$688, with interest at the rate of 5% per annum. The principal of the note shall be due as to one-half on November 1, 2022 and the remaining half on November 1, 2023. On February 13, 2023 the Promissory Note to Curt Cvikota was amended so that the First Principal payment is due on November 1, 2023 and the Second Principal payment is due on November 1, 2024. Interest only payments are made monthly in the amount of \$5. As of September 30, 2023, the balance was \$337 (December 31, 2022 - \$671) as a principal repayment of \$344 was processed on April 20, 2023. Furthermore, the full loan balance of \$337 is included in long term debts.

The principal payment of \$344 processed on April 20, 2023, which is held in trust and included within the Avonlea loan.

Subsequent to September 30, 2023 but prior to the release date (Note 15) the \$344 principal payment held in trust was released on October 31, 2023.

Healthcell Promissory Note

On February 1, 2023, the Company received a promissory note from HealthCell LLC in the amount of \$250 with a three-year term. The Company is to make interest only payments, at 8% per annum, starting February 1, 2023, and repay the principal balance in full on February 1, 2026. As of September 30, 2023, the outstanding balance was \$250.

Tech-Time Debts

The Company committed to a non-interest-bearing consulting contract with the former president of Tech-Time to provide Kovo Inc. (formerly MedWorxs Inc.) services totaling \$778 starting June 2, 2015, which would pay the president of Tech-Time \$8 per month until the contract was fulfilled. For accounting purposes, the consulting contract has been treated as a contractual obligation and financial instrument. The Company has discounted the contract as of September 30, 2023, using an imputed interest rate similar to a Small Business Administration (“SBA”) loan, which as of September 30, 2023, was 10.25% per annum (December 31, 2022 – 9.0% per annum) and assumes a maturity of November 30, 2024. Based on these discount factors, the fair value calculated as of September 30, 2023 was \$128 (December 31, 2022 - \$183) of which \$102 was included in short term debts and \$26 was included in long term debts.

8. DEBTS (continued)

Flow Capital Acquisition Line

On November 10, 2021, the Company entered into a non-revolving senior secured multi-draw term facility with Flow Capital Corp to fund acquisitions. Under the terms of the Agreement, up to \$7,000 may be loaned to Kovo in a series of draws consisting of a first tranche loan in the amount of \$1,500, and if applicable one or more additional advances of capital not exceeding \$5,500. The first tranche of \$1,500 has interest only payments of \$20 per month and a maturity date of November 30, 2024. Pursuant to the First Tranche Loan, the Company will issue to the lender 2,133,943 warrants to acquire common shares of the Company ("Warrants") at an exercise price of CAD \$0.35 per common share. The loan was secured against the assets of the Company.

The amount allocated to the Warrants of \$396 was recorded as a discount to the loan and as contributed surplus. The discount will be amortized over the life of the loan. As of September 30, 2023, the interest rate applicable was 16% per annum and the balance was \$nil (December 31, 2022 - \$1,255) included in long term debts. In the event of default, the interest rate shall increase by 2.5% per annum, until the event of default has been cured or waived.

This loan was paid off in full on April 20, 2023, with a total payment of \$1,679. The Company incurred a loss on early extinguishment of debt in the amount of \$384.

Hingwala Convertible Debt

As part of the Reverse Takeover, an unsecured convertible debt of \$260, or CAD\$300 was assumed on May 31, 2021, maturing on January 18, 2023, with interest of 25% per annum accruing quarterly. The debt was convertible at USD\$1.00 per common share at the discretion of the debtholder, thus resulting in a foreign exchange variability embedded at conversion. On December 3, 2021, this agreement was amended to (i) extend the maturity date from January 18, 2023 to January 18, 2024 and (ii) update the conversion price of shares from USD\$1.00 to CAD\$0.40. This change resulted in an extinguishment of the debt. Management notes that as of December 3, 2021, the amount of debt extinguished was \$164 with the new debt of \$194 recorded.

Management has evaluated the terms of the December 3, 2021, compound financial instrument and concluded the financial instruments comprising of two elements - 1) debt and 2) conversion feature. Management believes that the conversion feature does not contain a derivative as the related conversion feature indicates the fixed number of common shares to be converted at CAD \$0.40/common share and therefore does meet the fixed-to-fixed criteria as defined under IFRS. As such, the fair value of the equity component was recorded in equity in the amount of \$96. As of September 30, 2023, the balance of \$nil including interest accretion (December 31, 2022 - \$225) was recorded in long term debt. The full principal and accrued accretion of this loan was repaid on April 20, 2023, in the amount of \$275. The Company incurred a loss on early extinguishment of debt in the amount of \$37.

Small Business Administration Loan 1

On June 3, 2015, the Company entered into a \$500 secured long-term loan with a maturity date of June 2, 2025, bearing an interest rate of the prime interest rate of similar loans plus 2.75% per annum and adjusted on a quarterly basis. The loan was secured against the assets of the Company. As of September 30, 2023, the interest rate applicable was 10.25% per annum (December 31, 2022 – 9% per annum) and the balance was \$nil (December 31, 2022 - \$161) as the full balance of the loan including the principal and accrued interest was repaid on April 20, 2023. The Company incurred a loss on early extinguishment of debt in the aggregate amount of \$3.

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8. DEBTS (continued)

Small Business Administration Loan 2

On January 18, 2018, the Company entered into a \$325 secured long-term loan with a maturity date of January 17, 2028, bearing an interest rate of the prime interest rate of similar loans plus 2.75% per annum and adjusted on a quarterly basis. The loan was secured against the assets of the Company. As of September 30, 2023, the interest rate applicable was 10.25% per annum (December 31, 2022 – 9% per annum) and the outstanding balance was \$nil (December 31, 2022 - \$188) as the full balance of the loan including the principal and accrued interest was repaid on April 20, 2023. The Company incurred a loss on early extinguishment of debt in the aggregate amount of \$3.

Small Business Administration Loan 3

On December 27, 2018, the Company entered into a \$70 secured long-term loan with a maturity date of December 26, 2028, bearing an interest rate of the prime interest rate of similar loans plus 2.75% per annum and adjusted on a quarterly basis. The loan was secured against the assets of the Company.

As of September 30, 2023, the interest rate applicable was 10.25% per annum (December 31, 2022 – 9% per annum) and the outstanding balance was \$nil (December 31, 2022 - \$48) as the full balance of the loan including the principal and accrued interest was repaid on April 20, 2023. The Company incurred a loss on early extinguishment of debt in the aggregate amount of \$1.

Funding Circle Loan

On September 21, 2017, the Company obtained an unsecured loan for \$100 from FC Marketplace, LLC (“Funding Circle”) with a maturity date of September 30, 2023, bearing a fixed interest rate 15.82% per annum. In September 2018, the loan limit was increased to \$200. As of September 30, 2023, the outstanding balance was \$nil (December 31, 2022 - \$41) as the full balance of the loan including the principal and accrued interest was repaid on April 20, 2023.

Scheduled repayments of all short-term debt, long term debt are as follows:

	\$
0 to 1 year	3,448
1 to 2 years	483
3 to 5 years	355
Thereafter	2,862
Less: effective interest	(1,393)
	5,755

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9. LEASE LIABILITIES

The Company leases office spaces and a data center. The following table presents the lease obligations of the Company:

	September 30, 2023
Beginning balance as of January 1, 2023	\$ 240
Additions	222
Disposals	-
Lease modification	(20)
Payment of lease obligations	(137)
Interest expense on lease obligations	23
Ending Balance as of September 30, 2023	\$ 327
	September 30, 2022
Beginning balance as of January 1, 2022	\$ 619
Additions	-
Disposals	(89)
Payment of lease obligations	(213)
Interest expense on lease obligations	38
Ending Balance as of September 30, 2022	\$ 355

Lease adjustment relates to a reduction to the monthly rent payment beginning April 1, 2023, with regards to the La Crosse and Frank St. Eau Claire office leases. The reduction was a result of our review of the common area maintenance charges which reduced the monthly rent payments for both La Crosse and Frank St. Eau Claire facilities.

The following table presents an analysis of the contractual undiscounted cash flows from lease obligations:

	September 30, 2023
Maturity analysis – contractual undiscounted cash flows	
Less than one year	\$ 204
One to five years	168
More than five years	-
Total undiscounted lease obligations	\$ 372
Lease obligations	\$ 327
Current portion	\$ 177
Non-current portion	\$ 150

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9. LEASE LIABILITIES (continued)

	September 30, 2022
Maturity analysis – contractual undiscounted cash flows	
Less than one year	\$ 224
One to five years	160
More than five years	-
Total undiscounted lease obligations	\$ 384
Lease obligations	\$ 355
Current portion	\$ 201
Non-current portion	\$ 154

Leases greater than one year were capitalized as right-of-use assets (Note 6). As of September 30, 2023, the Company has three active lease agreements. Two of which were office leases obtained as part of its acquisition of Cvikota, both ending on October 31, 2024. The third lease agreement has a lease term greater than a year used for office space obtained as part of the E&A acquisition, this lease ends on September 30, 2026.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied was 10.70%.

10. SHARE CAPITAL

Common Shares

The Company has authorized share capital of unlimited common shares without par value.

For the nine months ended September 30, 2023:

The Company issued 17,600,000 common shares as part of the acquisition of E&A (Note 5) at a value of \$0.16 USD per common share during the nine months ended September 30, 2023.

As of September 30, 2023, the Company had 57,543,906 common shares outstanding (December 31, 2022 – 39,943,906 common shares outstanding).

For the nine months ended September 30, 2022:

On January 31, 2022, as part of consideration for The Cvikota Company, Inc. acquisition, the Company issued 3,131,838 common shares of the Company to Curt Cvikota at a quoted price of \$0.28 (CAD\$0.34) per common share, or \$861.

On June 29, 2022, the Company issued a total of 495,384 Common Shares to its leadership team and staff at a quoted price of \$0.17 (CAD\$0.22) per common share, or \$85.

On September 15, 2022 the Company issued a total of 162,500 Common Shares to its leadership team and staff at a quoted price of \$0.08 (CAD\$0.105) per common share, or \$13.

As at September 30, 2022, the Company had 39,943,406 common shares outstanding.

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10. SHARE CAPITAL (continued)

Incentive Plans

The Company has adopted a Stock Option Plan (“SOP”) under which it is authorized to grant stock options (“Options”) to officers, directors, employees, and consultants enabling them to acquire common shares of the Company. The Company has also adopted a Restricted Share Unit Plan (“RSU Plan”) under which it is authorized to grant restricted share units (“RSUs” and, together with Options, “Awards”) to officers, directors, employees, and consultants enabling them to acquire common shares of the Company. The maximum number of common shares reserved for issuance of Awards that may be granted under the plan is 10% of the issued and outstanding common shares of the Company.

The total RSU's outstanding as of September 30, 2023, aggregate to 4,615,071. For three and nine months ended September 30, 2023, the Company issued 1,389,706 additional RSU's.

The stock option activity for the period were as follows:

	Number of Options		Weighted Average
As at December 31, 2022	3,249,980	\$	0.32
Granted	25,000	\$	0.16
Forfeited	-	\$	-
Exercised	-	\$	-
Outstanding as at September 30, 2023	3,274,980	\$	0.32
Exercisable as at September 30, 2023	-	\$	-

As of September 30, 2023, the Company had the following stock options outstanding:

Exercise Price	Number of options outstanding	Weighted average remaining life (months)
\$ 0.39	350,000	14
\$ 0.20	800,000	17
\$ 0.62	500,000	33
\$ 0.20	1,360,980	77
\$ 0.50	26,000	78
\$ 0.50	8,000	80
\$ 1.00	105,000	89
\$ 0.31	100,000	99
\$ 0.16	25,000	44
	3,274,980	50

During the three and nine months ended September 30, 2023, the Company issued 25,000 stock options to staff and recorded \$21 and \$245 (September 30, 2022 - \$59 and \$225) in share-based compensation of which \$175 related to issuance of restricted stock units.

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10. SHARE CAPITAL (continued)

The compensation expenses were based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions for the three months ended September 30, 2023 and 2022:

Issuance Date	25-Feb-20	25-Feb-20	08-Apr-20	18-May-20	03-Mar-21	01-Jul-21	22-Nov-21	01-Jan-22	16-May-23
Exercise price	\$0.20	\$0.20	\$0.50	\$0.50	\$1.00	\$0.62	\$0.39	\$0.31	\$0.16
Expected life (months)	120	120	120	120	120	60	12	48	48
Expected volatility	64.5%	64.5%	64.5%	64.5%	64.5%	64.5%	64.5%	98.0%	78.2%
Dividend rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.16%	1.16%	0.77%	0.73%	0.73%	0.97%	1.05%	1.59%	3.53%
Grant date fair value	\$0.06	\$0.11	\$0.08	\$0.08	\$0.16	\$0.34	\$0.10	\$0.21	\$0.16

Warrants

A summary of all warrants issued is as follows:

	Warrants Outstanding	Weighted average exercise price	Fair Value per Share
Balance December 31, 2022	5,614,136	\$0.77	
Issued April 20, 2023	8,800,000	\$0.30	\$0.04
Expired in 2023	(333,630)	\$1.09	\$0.09
Balance September 30, 2023	14,080,506	\$0.47	

All warrants were valued using the Black Scholes valuation model. The fair value of each warrant on the date of the grant was based on the following assumptions for the three months ended September 30, 2023:

Issuance Date	25-Oct-21	10-Nov-21	20-Apr-23
Exercise price	\$ 0.56	\$ 0.28	\$ 0.30
Expected life (years)	2	5	2
Expected volatility	64.5%	64.5%	98.0%
Dividend rate	0.00%	0.00%	0.00%
Risk-free interest rate	0.14%	1.47%	3.73%
Grant date fair value	\$ 0.10	\$ 0.19	\$ 0.18

11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Professional expenses	286	252	864	586
Software & IT	92	111	250	305
Public company expenses	71	125	226	400
Office expenses	130	44	363	289
Processing fees	180	77	351	469
Other general and administrative	44	98	100	168
General and administrative expenses	803	707	2,154	2,217

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12. LOSS PER SHARE

The weighted average number of shares includes common shares. The effect of adjustments to the weighted average number of common shares would be anti-dilutive when the Company incurs losses.

The calculation of basic and diluted loss per share for the years ended was based on the information in the table below.

<i>(Expressed in thousands of US dollars, except share and per share amounts)</i>	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Basic weighted average number of shares outstanding - opening balance	57,543,906	39,781,406	39,943,906	36,154,184
Issuances of shares for Cvikota acquisition	-	-	-	2,787,680
Issuances of shares for E&A acquisition	-	-	10,572,894	-
Issuance of shares for leadership team	-	28,261	-	180,096
Basic weighted average number of shares outstanding - ending balance	57,543,906	39,809,667	50,516,800	39,121,960
Diluted weighted average number of shares outstanding	57,543,906	39,809,667	50,516,800	39,121,960
Net loss for the period	(797)	221	(2,969)	(328)
Weighted average basic loss per share	\$ (0.014)	\$ 0.006	\$ (0.059)	\$ (0.008)
Weighted average diluted loss per share	\$ (0.014)	\$ 0.006	\$ (0.059)	\$ (0.008)

13. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

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. 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.

For the three and nine months ended September 30, 2023, key management personnel compensation comprising of salaries and equity totaled \$240 and \$853, respectively (three and nine months ended September 30, 2022 - \$313 and \$1,097, respectfully).

14. CONTINGENCIES

From time to time, the Company may be involved in various litigation matters, which arise in the ordinary course of business. There are currently no litigations that management believes will have a material impact on the financial position of the Company.

The Company was served with a statement of claim in connection with the purchase of assets in July 2017. The claim was initiated by the landlord for the lease obligation owed by the vendor, Accounts Receivable Concepts ("ARC") LLC. The Company completed an asset deal of ARC's customer lists only. The Company settled this claim on October 18, 2023 in the amount of \$23 (Note 16). Therefore, the Company has accrued any liability in regard to this claim as at September 30, 2023.

15. RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current period presentation. Specifically, Credentialing Services and Hourly Services have been reclassified from the other income line item to its own revenue line item on the Consolidated Statement of Comprehensive Loss. These reclassifications had no effect on the reported results of operations.

16. SUBSEQUENT EVENTS

Subsequent to the nine months ended September 30, 2022, but prior to the release of these financial statements. The only two subsequent event that would have a significant impact on the Company's Condensed Consolidated Interim Financial Statements includes:

- (1) The release of \$344 of principal payments on the Curt Cvikota (Note 8) loan from the trust on October 31, 2023.
- (2) Settlement of legal claim with ARC (Note 14) on October 18, 2023 in the amount of \$23.