



**UNAUDITED CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF
KOVO+ HOLDINGS INC.
(FORMERLY KOVO HEALTHTECH CORPORATION)**

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024**

Notice of No Auditor Review of Interim Financial Statements

The unaudited condensed consolidated interim financial statements and the accompanying note disclosures of Kovo+ Holdings Inc. for the three and nine months ended September 30, 2025 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 consolidated interim financial statements have not been reviewed by an auditor in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

KOVO+ HOLDINGS INC.
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(All amounts expressed in thousands of US dollars, except share or per share amounts)

Consolidated Statements of Financial Position

		September 30, 2025	December 31, 2024
	Note	\$	\$
Assets			
Current			
Cash		445	305
Accounts receivable	14	472	121
Other receivables and prepaid expenses	14	209	199
Promissory note receivable	14	32	215
		1,158	840
Non-current			
Promissory note receivable	14	156	-
Right-of-use assets	5	55	96
Property and equipment	6	74	10
Intangible assets	7	5,700	5,693
Goodwill	7	7,577	4,731
Total assets		14,720	11,370
Liabilities and shareholders' deficiency			
Current			
Accounts payable and accrued liabilities		2,217	1,935
Short term debts	8	15,065	10,975
Current portion of lease liabilities	9	66	58
		17,348	12,968
Non-current			
Long term debts	8	4,905	2,346
Lease liabilities	9	-	50
Total liabilities		22,253	15,364
Shareholders' deficiency			
Share capital	10	12,053	10,929
Contributed surplus	10	2,148	1,887
Deficiency		(21,734)	(16,810)
Total shareholders' deficiency		(7,533)	(3,994)
Total liabilities and shareholders' deficiency		14,720	11,370

Nature of operations and going concern (Note 1)

Contingencies (Note 15)

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Consolidated Statements of Loss and Comprehensive Loss

	Note	For the three months ended		For the nine months ended	
		Sept 30, 2025	Sept 30, 2024	Sept 30, 2025	Sept 30, 2024
		\$	\$	\$	\$
Revenue					
RCM revenue		2,191	2,112	7,234	6,875
Inpatient systems		75	117	225	347
Software revenue		85	38	136	136
Credentialing Services		39	34	145	107
Ambulatory software		22	38	82	118
Hourly Services		53	43	155	140
Total revenue		2,465	2,382	7,977	7,723
Operating expenses					
Salaries and benefits		2,116	2,041	6,195	6,490
General and administrative	11	1,190	1,237	2,967	2,568
Share-based compensation	10	-	1	1	36
Depreciation and amortization	5,6,7	268	239	792	685
Total operating expenses		3,574	3,518	9,955	9,779
Net operating loss		(1,109)	(1,136)	(1,978)	(2,056)
Other income (expense)					
Interest expense	8	(1,392)	(536)	(2,637)	(1,640)
Other expense		(20)	(200)	(20)	(200)
Financing charges	8	-	321	(300)	(589)
Other income		11	57	11	57
Net other expense		(1,401)	(358)	(2,946)	(2,372)
Net loss and comprehensive loss		(2,510)	(1,494)	(4,924)	(4,428)
Basic and diluted loss per share	12	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.06)
Weighted average number of common shares					
outstanding basic and diluted	12	176,890,724	108,419,803	170,639,436	74,626,324

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

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Consolidated Statements of Changes in Shareholders' Deficiency

	Note	Number of common shares outstanding	Share capital \$	Contributed surplus \$	Deficiency \$	Total shareholders' deficiency \$
Balances as at December 31, 2023		57,543,906	8,787	1,857	(10,943)	(299)
Share-based compensation	10	-	-	36	-	36
Share issuance for debt conversion		62,407,767	1,658	-	-	1,658
Net loss and comprehensive loss		-	-	-	(4,428)	(4,428)
Balances as at September 30, 2024		119,951,673	10,445	1,893	(15,371)	(3,033)
Balances as at December 31, 2024		133,131,711	10,929	1,887	(16,810)	(3,994)
Share-based compensation	10	-	-	1	-	1
Issuance of common shares	10	43,759,013	1,124	-	-	1,124
Warrant issuance	10	-	-	260	-	260
Net loss and comprehensive loss		-	-	-	(4,924)	(4,924)
Balances as at September 30, 2025		176,890,724	12,053	2,148	(21,734)	(7,533)

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Consolidated Statements of Cash Flows

	Note	For the three months ended		For the nine months ended	
		Sept 30, 2025	Sept 30, 2024	Sept 30, 2025	Sept 30, 2024
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net loss and comprehensive loss		(2,510)	(1,494)	(4,924)	(4,428)
Adjustments for non-cash items:					
Depreciation and amortization	5, 6, 7	268	239	792	685
Debt servicing costs		-	(321)	-	589
Gain from extinguishment of debt		-	(57)	-	(57)
Financing charges	8	-	-	-	-
Interest expense	8	1,392	466	2,937	1,378
Share based compensation	10	-	1	1	36
Accounts receivable		(73)	5	(216)	77
Other receivables and prepaid expenses		(7)	(115)	26	(220)
Long term accounts receivable		-	-	-	-
Accounts payable and accrued liabilities		306	(278)	(67)	(1,163)
Taxes payable		-	-	-	(9)
Contract liabilities		-	-	-	(2)
Net cash used in operating activities		\$ (624)	\$ (1,554)	\$ (1,451)	\$ (3,103)
INVESTING ACTIVITIES					
Additions to capitalized software costs	7	-	(15)	-	(135)
Additions to property and equipment	6	-	(5)	(3)	(5)
Acquisition of HDM		-	(3,300)	-	(3,300)
Cash Acquired AI Vector	4	40	-	40	-
Promissory note issued		(189)	-	(239)	-
Net cash used in investing activities		\$ (149)	\$ (3,320)	\$ (202)	\$ (3,440)
FINANCING ACTIVITIES					
Net receipts on debt	8	1,250	5,091	1,800	6,841
Net payments on debt	8	(641)	(71)	(1,291)	(75)
Share issuance for debt conversion		-	(1,658)	-	(1,658)
Proceeds from issuance of common shares, net of financing costs	10	-	1,658	1,334	1,658
Lease payments	9	(17)	(49)	(50)	(144)
Net cash from financing activities		\$ 592	\$ 4,971	\$ 1,793	\$ 6,622
Net (decrease)/increase in cash		(181)	97	140	79
Cash balance, beginning of period		626	84	305	102
Cash balance, end of period		\$ 445	\$ 181	\$ 445	\$ 181
Supplemental information					
Interest paid		(19)	(38)	(78)	(193)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Kovo+ Holdings Inc. (Formerly Kovo HealthTech Corporation) (“Kovo” or the “Company”) was incorporated in British Columbia, Canada on February 20, 2020. The Company’s head office is 1500 – 850 2 St SW, Calgary, Alberta, T2P 0R8, Canada.

The Company sells services and software to medical clinics and medical facilities. There are six 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 Credentialing Services
- Recurring revenue from Hourly Services
- Recurring revenue from associated services for our products (such as, electronic claim process, eligibility for reimbursement verifications, and electronic remittance advice)

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. The Company’s shares trade on the TSX-V under the symbol “KOVO.”

Going Concern

These unaudited 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 unaudited 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 three and nine months ended September 30, 2025, the Company incurred a loss from operations of \$1,109 and \$1,978 (September 30, 2024 – loss of \$1,136 and \$2,056), and a net loss and comprehensive loss of \$2,510 and \$4,924 (September 30, 2024 - net loss of \$1,494 and \$4,428). Cash used in operating activities was \$624 and \$1,451 (September 30, 2024 - \$1,554 and \$3,103). As at September 30, 2025, the Company had a working capital deficit of \$16,190 (December 31, 2024 – \$12,128) and an accumulated deficit of \$21,734 (December 31, 2024 – \$16,810). These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

Management may finance its future development activities and operations from the sale of equity and/or 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. There can be no assurance that the steps management is taking will be successful.

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2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Account Standard (“IAS”) 34, Interim Financial Reporting and do not include all information required for full annual consolidated financial statements.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited December 31, 2024 annual consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these unaudited condensed consolidated interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the audited December 31, 2024 annual consolidated financial statements. These unaudited condensed consolidated interim financial statements were approved by the board of directors of the Company for issue on November 28, 2025.

(b) Basis of Measurement

The unaudited 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 unaudited condensed consolidated interim financial statements include the financial statements of the parent company, Kovo+ Holdings Inc. (Formerly Kovo HealthTech Corporation) and its subsidiaries, as listed below:

Entity Name	Jurisdiction	Ownership
Kovo+ (USA), Inc. (formerly, MedWorxs Inc.)	USA	100% owned by Kovo+ Holdings Inc.
Nexus AI Data Inc.	USA	100% owned by Kovo+ (USA), Inc.
HEAL Global Holdings, Inc.	USA	100% owned by Nexus AI Data Inc.
AI Vector 2.0, Inc.	USA	100% owned by Nexus AI Data Inc.
HEAL Vue, Inc.	USA	100% owned by HEAL Global Holdings, Inc.
Kovo Acquisitions LLC ⁽¹⁾	USA	100% owned by HEAL Vue, Inc.
RPM Billing LLC	USA	100% owned by HEAL Vue, Inc.
NOC5280, LLC	USA	100% owned by HEAL Vue, Inc.
Kovo Human Capital LLC	USA	100% owned by HEAL Vue, Inc.

⁽¹⁾ Kovo Acquisitions LLC’s operating businesses in the US include:

- Midwest Medical Billing Services (US Corporation),
- The Cvikota Company (US Corporation),
- E&A Medical Billing (“E&A”) (US Corporation),
- Kairos Billing Solutions (US Corporation), and
- Healthcare Data Management (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.

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

(d) Segments

The unaudited 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, the Chief Executive Officer and the Chief Financial Officer, to determine decisions about resources and how they will be allocated to determine performance. Currently, 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 unaudited 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 loss and comprehensive loss.

(f) Use of Estimates and Judgements

In preparing the Company’s unaudited condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company’s accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

In preparing the unaudited condensed consolidated interim financial statements, the significant estimates made by management include those that applied to and are disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2024, in addition to the ones noted below.

Business combinations

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, based on all relevant facts and circumstances. Under IFRS 3 – Business Combinations (“IFRS 3”), a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to investors, such as dividends, lower costs, or other economic benefits.

Business combination versus asset acquisition

In assessing recent acquisitions (Note 4), the Company considered the applicability of IFRS 3. The standard requires that a business consists of inputs and processes that have the ability to create outputs. After evaluating the nature of the acquired operations, the Company concluded that the acquisitions of AI Vector (Note 4) meet the definition of a business under IFRS 3. Accordingly, these transactions have been accounted for as business combinations, with identifiable assets and liabilities recognized at their fair values as of the acquisition dates, and any excess of the purchase consideration over the fair value of net identifiable assets recognized as goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these unaudited condensed interim condensed consolidated interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended December 31, 2024. As of the date of authorization of these unaudited condensed consolidated interim financial statements, several new, but not yet effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. The Company anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's unaudited condensed consolidated interim financial statements.

4. ACQUISITIONS

Acquisitions completed during the period ended September 30, 2025

On May 27, 2025, the Company entered into a negotiation regarding an Asset Purchase Agreement ("APA") with Avonlea Ventures #2 Inc. ("AVI"), the Company's largest shareholder and secured creditor, to acquire, among other things, the exclusive right to purchase contractual assets and business interests of AI Vector, LLC ("AI Vector") (the "AIV Transaction"). This transaction remains subject to certain customary conditions, including, without limitation, TSX-V approval. The Company sought, and received, a limited waiver from AVI to complete the AI Vector Acquisition prior to the closing of the AVI Transaction and whereby AVI agreed to take no action and refrain from immediate enforcing of its exclusive rights. As of the date of this report, the amended and restated APA has not yet been fully executed, and TSX-V approval has not yet been received.

On August 28, 2025, the Company's indirect wholly owned subsidiary, Nexus AI Data, Inc., completed the acquisition of 100% of the assets of AI Vector (the "Acquisition") pursuant to the limited waiver provided by AVI. AI Vector is a Utah-based business solutions company specializing in AI-driven IT infrastructure management, proprietary monitoring systems, network security, and support services.

The total consideration for the purchase price of the acquisition is currently estimated at \$3,000. Consisting of:

- Cash consideration of \$350 paid as a deposit prior to closing; and
- Assumption of net liabilities with an aggregate carrying amount of approximately \$2,650.

At the time of the Acquisition, the Company determined that AI Vector constituted a business as defined under IFRS 3, Business Combinations, and accounted for it as such. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. Fair values were determined based on discounted cash flows.

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4. ACQUISITIONS (continued)

The purchase price allocation (“PPA”) is as follows. The PPA determined at the Acquisition date is preliminary and subject to change up to a period of one year from the Acquisition date upon finalization of fair value determination.

Purchase Price:	
VTB note (Note 8)	\$ 3,000
Total	3,000
Identifiable Net Assets Acquired (Estimated Fair Values)	
Cash	40
Net working capital	
Trade account receivable, net	136
Inventory	36
Accounts payable and accruals	(125)
Payroll wages and taxes	(212)
Property and equipment (Note 6)	68
Operating loans (Note 8)	(240)
KOVO Loan (Note 8)	(250)
	(547)
Identifiable Intangible Assets	
Brand	112
Software	332
Customer Relationship	257
Goodwill	2,846
Reconciliation to Purchase Price	\$ 3,000

The Company estimated the fair value of the acquired brand, software and customer relationships using income-based valuation methodologies consistent with IFRS 3. The brand and software were valued using the relief-from-royalty method, applying an after-tax discount rate of 17.5%, while customer relationships were valued using the multi-period excess earnings method, also discounted at 17.5%. The resulting fair values recognized were \$112 for the brand, \$332 for the software, and \$257 for customer relationships, each reflecting the expected pattern of economic benefits and management-supported useful lives.

The goodwill of \$2,846 recognized in the transaction primarily represents the expected operational synergies from integrating AI Vector’s capabilities with the Company’s existing platform, the value of the assembled workforce that cannot be separately recognized under IFRS, and the anticipated enhancements to the Company’s AI-enabled technology and service offerings.

The total acquisition costs related to this transaction were \$249 and is included in professional fees within general and administrative expenses. From the date of the acquisition to September 30, 2025, the acquired business contributed \$65 of revenue and a net loss of \$353. If the assets were acquired January 1, 2025, the consolidated revenues would have totaled \$475 and \$1,249 for the three and nine months ended September 30, 2025 and a consolidated net income of \$15 and a net loss of \$534 for the same three and nine month periods.

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4. ACQUISITIONS (continued)

Acquisitions completed during the year ended December 31, 2024

Acquisition of Healthcare Data Management

On August 31, 2024, the Company completed the acquisition of net assets of Healthcare Data Management Inc. (“HDM” or the “Seller”). Under the terms of the acquisition, Kovo paid to the Seller a consideration of \$3,300, which consists of \$1,100 in cash, and a secured two-year promissory note for \$2,200, maturing on August 31, 2026, with a variable interest rate which is the short term Applicable Federal Rate (AFR) published by the United States Department of the Treasury, Internal Revenue Service. The average monthly interest rate for 2024 was 4.19%. The principal of the note must be paid in four equal installments on a semi-annual basis to which interest is payable monthly.

The Company has determined the fair values of assets and liabilities acquired and identified any other intangible assets that exist at the date of acquisition. As a result, the enterprise value was determined to be \$2,184 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	\$ 1,100
Promissory note	1,084
Enterprise value	\$ 2,184
Allocation of purchase price	
	Total
Customer relationships	1,200
Tradename	220
Goodwill	764
Total allocation of purchase price	\$ 2,184

HDM’s results are consolidated in the Company’s financial results effective August 31, 2024. For the period from August 31, 2024 through December 31, 2024, HDM contributed \$68 to the Company’s consolidated operating income and to the total comprehensive income.

	For the period from August 31, 2024 to December 31, 2024	
Revenue	\$	647
Total comprehensive income for the period		68

If the combination had taken place at the beginning of the year, the following table provides summarized financial information for HDM’s operations (pro forma unaudited) from January 1, 2024 to December 31, 2024:

	For the year ended December 31, 2024	
Revenue	\$	2,580
Total comprehensive income for the period		1,019

The pro forma unaudited results include estimates and assumptions which management believes are reasonable. The pro forma results do not include any cost savings or other effects of the planned integration of these entities and may not be fully indicative of the results that would have occurred if the business combination had been in effect on the dates indicated.

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5. RIGHT-OF-USE ASSETS

The right-of-use assets represent an office lease, utilized by the Company as at the reporting period ending September 30, 2025 (Note 9).

	ROU Assets
Cost	
Balances as at Dec 31, 2024	\$ 765
Additions	-
<hr/>	
Balances as at September 30, 2025	\$ 765
 Accumulated Depreciation	
Balances as at Dec 31, 2024	\$ (669)
Amortization	(41)
<hr/>	
Balances as at September 30, 2025	\$ (710)
 Net Book Values as at December 31, 2024	\$ 96
Net Book Values as at September 30, 2025	\$ 55

6. PROPERTY AND EQUIPMENT

	Computer Equipment	Servers	Total
Cost	\$	\$	\$
Balances as at December 31, 2024	45	-	45
Additions	3	68	71
<hr/>			
Balances as at September 30, 2025	48	68	116
 Accumulated Amortization			
Balances as at December 31, 2024	(35)	-	(35)
Amortization	(5)	(2)	(7)
<hr/>			
Balances as at September 30, 2025	(40)	(2)	(42)
 Net carrying amount as at December 31, 2024	10	-	10
Net carrying amount as at September 30, 2025	8	66	74

For the three and nine months ended September 30, 2025, the Company notes that it also recorded depreciation in the amount of \$1 and \$7 and (September 30, 2024: – \$6 and \$21) related to computer equipment and servers.

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7. INTANGIBLE ASSETS AND GOODWILL

	Intangible Assets and Goodwill							Goodwill \$
	Intellectual						Total \$	
	Property \$	Customer Lists \$	Trademark \$	Licenses \$	Software \$			
Balances as at December 31, 2024	458	5,386	530	542	1,481	8,397	4,731	
Additions	-	257	112	50	332	751	2,846	
Balances as at September 30, 2025	458	5,643	642	592	1,813	9,148	7,577	
Accumulated Amortization								
Balances as at December 31, 2024	(458)	(1,000)	(124)	-	(1,122)	(2,704)	-	
Amortization	-	(349)	(81)	(132)	(182)	(744)	-	
Balances as at September 30, 2025	(458)	(1,349)	(205)	(132)	(1,304)	(3,448)	-	
Net carrying amount as at December 31, 2024	-	4,386	406	542	359	5,693	4,731	
Net carrying amount as at September 30, 2025	-	4,294	437	460	509	5,700	7,577	

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. Other intangible assets include customer relationships acquired as part of the following acquisitions namely RPM Billing LLC, Midwest Medical Billing Services, The Cvikota Company, Inc, E&A, Kairos Billing Solutions, and Healthcare Data Management Inc. 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. In addition, the Company recognized identifiable intangible assets from the acquisition of AI Vector, including brand, software, and customer relationships, which were valued using income-based valuation methodologies consistent with IFRS 3. Goodwill represents the excess of the purchase consideration over the fair value of identifiable tangible and intangible assets and, in the case of the AI Vector acquisition, primarily reflects expected operational synergies from integrating AI Vector's capabilities with the Company's existing platform, the value of the assembled workforce that is not separately recognized under IFRS, and anticipated enhancements to the Company's AI-enabled technology and service offerings. Goodwill is not amortized but is allocated to the appropriate CGU and tested for impairment annually at fiscal year-end.

On October 7, 2024, the Company acquired the rights to purchase the AccelVue assets. The AccelVue assets are classified as Licenses consistent with the Company policy. On February 9, 2025, the Company executed its right to purchase the AccelVue assets by issuing \$50 in common shares to HEAL USA Corp.

On August 28, 2025, the Company acquired certain assets of AI Vector (Note 4) for total consideration of \$3,000, settled through a vendor take-back note. The acquired assets included brand, software, customer relationships, and other operating assets, along with assumed liabilities, and were accounted for as a business combination under IFRS 3.

The Company reviews the carrying value of the intangible assets at each reporting period for indicators of impairment. Upon completion of this review as at September 30, 2025, it was determined there were no indicators of impairment.

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8. DEBTS

Short Term Debt	Interest Rate	Principal Balance 09/30/2025	Interest Rate	Principal Balance 12/31/2024
Avonlea Debt	12.00%	\$ 12,468	12.00%	\$ 9,945
Avonlea Promissory Grid Note	24.00%	\$ 2,052	0.00%	\$ -
Promissory Note - August 31, 2024	4.05%	\$ -	4.19%	\$ 989
Health Cell	8.00%	\$ 250	8.00%	\$ -
AI Vector Acquisition Debts	Various	\$ 195	NA	\$ -
Promissory Note - Heal USA Inc.	10.00%	\$ 58	10.00%	\$ 58
EIDL Loan	3.75%	\$ 42	3.75%	\$ 41
Short Term Debt/ Weighted Average Interest Rate	13.38%	\$ 15,065	11.26%	\$ 11,033

Long Term Debt	Interest Rate	Principal Balance 09/30/2025	Interest Rate	Principal Balance 12/31/2024
AI Vector Acquisition VTB Note	NA	\$ 3,000	NA	\$ -
EIDL Loan	3.75%	\$ 1,905	3.75%	\$ 1,936
Promissory Note - August 31, 2024	4.12%	\$ -	4.19%	\$ 102
Health Cell	8.00%	\$ -	8.00%	\$ 250
Long Term Debt/ Weighted Average Interest Rate	1.46%	\$ 4,905	4.23%	\$ 2,288
Total Debt/ Weighted Average Interest Rate	10.45%	\$ 19,970	10.05%	\$ 13,321

Quarter over quarter movement of debt:

Balance as of December 31, 2023	\$ 5,751
Net receipts on debt	4,859
Interest accretion	1,474
Debt servicing costs	950
Net payments on debt	(286)
Balance as of September 30, 2024	\$ 12,748

Balance as of December 31, 2024	\$ 13,321
Interest accretion	1,996
Net receipt on debt	1,800
Debt servicing costs	919
Net payments on debt	(1,286)
AI Vector Acquisition	3,220
Balance as of September 30, 2025	\$ 19,970

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8. DEBTS (continued)

Short Term Debt

Avonlea Debt

During 2023, the Company received \$3,050 in three tranches under a senior loan and security agreement, dated April 20, 2023, with AVI (as defined in Note 4), bearing interest at a rate of 12% per annum, accrued monthly. An additional waiver fee equal to 1% of the outstanding indebtedness is payable monthly when the Company does not make the scheduled interest payments.

On February 27, 2024, the Company entered into a forbearance agreement with AVI, pursuant to which AVI advanced an additional \$1,250 agreed to forbear enforcement of breach or defaults until September 30, 2024, subject to the Company providing an acceptable 2024 operating plan. A forbearance fee of \$860 was charged. A further \$500 advance was received on May 3, 2024, with a fee of \$50.

On July 24, 2024, the Company settled a portion of the indebtedness totalling \$1,657 (CDN \$2,257) through the issuance of 62,407,767 common shares at a deemed price of USD \$0.025–\$0.036 (CAD \$0.035–\$0.05) per share. Following the settlement, and upon TSX-V approval, the original loan was amended and restated to (i) extend the maturity date of the remaining indebtedness to April 30, 2025, (ii) reduce the forbearance fee by \$321, and (iii) grant AVI an option to convert the remaining balance into common shares at \$0.036 (CAD \$0.05) per share.

On May 1, 2025, the Company amended the senior loan and security agreement between Kovo+ Holdings Inc. (“Borrower”) and Avonlea Ventures #2 Inc. (“Lendor”) to extend the maturity date of the loan to June 30, 2025. The amendment includes a financing fee of \$200 which is due and payable on the maturity date.

During the period ended September 30, 2025, the Company and AVI, executed a series of extensions and amendments to the Avonlea Debt.

On July 3, 2025, the Company amended the senior loan and security agreement between Kovo+ Holdings Inc. (“Borrower”) and Avonlea Ventures #2 Inc. (“Lendor”) to extend the maturity date of the loan to July 31, 2025.

On July 31, 2025, the Company amended the senior loan and security agreement between Kovo+ Holdings Inc. (“Borrower”) and Avonlea Ventures #2 Inc. (“Lendor”) to extend the maturity date of the loan to August 29, 2025. As consideration for this amendment, the Company agreed to pay AVI a monthly fee equal to 2% of the aggregate amount of indebtedness outstanding under the secured Avonlea debt, payable in cash at the maturity date or such later date as may be mutually agreed.

On September 2, 2025, the Company amended the senior loan and security agreement between Kovo+ Holdings Inc. (“Borrower”) and Avonlea Ventures #2 Inc. (“Lendor”) to extend the maturity date of the loan to December 31, 2025. As consideration for this amendment, the Company agreed to pay AVI (i) a financing fee of \$215 and (ii) a monthly fee equal to 1% of the aggregate amount of indebtedness outstanding under the Avonlea debt, payable in cash at the maturity date or such later date as may be mutually agreed.

The debt is secured by substantially all assets of the Company and ranks senior to all other indebtedness. As of September 30, 2025, the outstanding balance was \$12,468 (December 31, 2024 – \$9,945) and is included in short term debt.

Avonlea Debt – Secured Promissory Grid Note

On May 1, 2025, the Company entered into a secured promissory grid note with AVI to access funding up to \$850. The note bears interest of 24% per annum, compounded annually and matures on December 31, 2025. A financing fee of \$114 is payable on the maturity date.

8. DEBTS (continued)

During the period ended September 30, 2025, the Company and AVI, executed a series of extensions and amendments to the secured promissory grid note.

On July 3, 2025, the Company entered a Second amendment to further extend the maturity date from June 30, 2025 to July 31, 2025, with all other terms remaining unchanged.

On July 31, 2025, the Company entered a Third amendment to further extend the maturity date from July 31, 2025 to August 29, 2025 and to increase the maximum principal available under the facility from \$850 to \$1,250. As consideration for this amendment, the Company agreed to pay AVI a monthly fee equal to 1% of the aggregate amount of indebtedness outstanding under the secured promissory grid note, payable in cash at the maturity date or such later date as may be mutually agreed.

On September 2nd, 2025, the Company entered into a Fourth amendment to further extend the maturity date from August 29th to December 31st, 2025. On the same date, a second amendment was executed to further increase the total principal available under the Secured Promissory Grid Note from \$1,250 to \$3,750. As consideration for this amendment, the Company agreed to pay AVI (i) a financing fee of \$35 and (ii) a monthly fee equal to 1% of the aggregate amount of indebtedness outstanding under the secured promissory grid note, payable in cash at the maturity date or such later date as may be mutually agreed.

As of September 30, 2025, the outstanding balance of the secured promissory grid note was \$2,052 (September 30, 2024 – \$nil), and the facility remained classified as short-term debt.

AI Vector Acquisition Debts

As part of the August 28, 2025 acquisition of certain assets and liabilities of AI Vector (Note 4), the Company assumed several outstanding loan obligations. These assumed loans carry various interest rates and repayment terms and were recognized at their respective fair values on the acquisition date in accordance with IFRS 3. As at September 30, 2025, the carrying amount of the operating loans was \$195 (September 30, 2024 – \$nil), all of which are classified as current.

In addition to the assumed obligations, the Company had previously entered into a \$250 promissory note receivable with AI Vector on May 27, 2025, bearing interest at 24% per annum, calculated monthly and compounded annually. The note was due in full on September 30, 2025, at which time all principal and accrued interest became payable. Upon completion of the acquisition on August 28, 2025, this \$250 Kovo Loan was eliminated on consolidation, as the Company no longer had a receivable from a third party.

AI Vector Acquisition VTB Note

As part of the August 28, 2025 acquisition of certain assets and liabilities of AI Vector (Note 4), the Company approved a vendor take-back (“VTB”) note with a principal amount of \$3,000 as consideration for the acquired assets. The VTB note was recognized at its fair value of \$3,000 on the acquisition date, consistent with the purchase price allocation prepared in accordance with IFRS 3.

The VTB note bears interest at 12% per annum and will mature one year from the closing of the APA transaction. As at September 30, 2025, the carrying amount of the VTB note was \$3,000 (September 30, 2024 – \$nil), all of which is classified as non-current, given the completion of the amended and restated APA is subject to final management negotiations on the VTB and TSXV approval.

8. DEBTS (continued)

Promissory Note – Healthcare Data Management

As part of the August 31, 2024 acquisition of the assets of Healthcare Data Management Inc. (Note 4), the purchase consideration included a secured two-year promissory note requiring four installment payments of \$550 each. The installment amounts are contingent upon the acquired business achieving specified revenue thresholds and are reduced on a dollar-for-dollar basis if actual revenues fall below the baseline revenue levels established at the acquisition date. Accordingly, the promissory note meets the definition of contingent consideration under IFRS 3 and is classified as a financial liability within the scope of IFRS 9. The promissory note is secured by the acquired assets, including all products and related proceeds. The Company initially measured the promissory note at \$1,084 using a market rate of 10.6%, representing the fair value of comparable stand-alone debt instruments.

Revenues generated from the acquired operations since the acquisition date have been nil or minimal. Based on actual performance through September 30, 2025 and management's updated expectations, the Company does not expect the required revenue thresholds to be met for any of the remaining installment periods. The next contractual reconciliation date is February 2026; however, based on information available at the reporting date, management's best estimate is that no further principal payments will be owed, as anticipated revenue shortfalls are expected to fully eliminate the remaining contingent installments.

In accordance with IFRS 3 and IFRS 9, contingent consideration liabilities are subsequently measured at fair value through profit or loss. As a result of management's revised expectations, the Company remeasured the contingent consideration liability to \$Nil as at September 30, 2025 (December 31, 2024 - \$1,091).

During the period ended September 30, 2025, the Company paid the first two installment amounts totaling \$1,100 (\$550 each) and interest payments of \$54. As at September 30, 2025, the contingent consideration and related promissory note balance was \$Nil (December 31, 2024 - \$1,091). Of this prior-year balance, \$Nil (December 31, 2024 - \$989) was included in short-term borrowings and \$Nil (December 31, 2024 - \$102) was included in long-term borrowings.

Following the remeasurement to \$Nil, the Company's remaining obligation under the promissory note relates solely to ongoing variable interest payments calculated based on the short-term Applicable Federal Rate (AFR).

Healthcell Promissory Note

On February 1, 2023, the Company received a \$250 promissory note from HealthCell LLC with a three-year term and interest rate of 8% per annum, payable monthly. The principal is due in full on February 1, 2026.

As of September 30, 2025, the outstanding balance was \$250, of which \$250 (December 31, 2024 – nil) was included in short term debt and nil (December 31, 2024 – \$250) included in long term debt.

Long Term Debt

EIDL loan

On September 8, 2020, the Company received \$2,000 under the U.S. Small Business Administration's Economic Injury Disaster Loan ("EIDL") program, comprising \$150 on September 8, 2020, and \$1,850 on April 26, 2022. The loan carries a 3.75% fixed interest rate and is amortized over 30 years, with the first payment due 30 months after the loan's origination date, accruing interest until payments commence.

During the three and nine months ended September 30, 2025, the Company incurred \$19 and \$58 in interest expense (September 30, 2024 – \$20 and \$59). As of September 30, 2025, the outstanding balance was \$1,947 (December 31, 2024 - \$1,977), of which \$42 (December 31, 2024 - \$41) was classified as short term.

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8. DEBTS (continued)

Promissory Note – HEAL USA Inc.

On October 10, 2024, the Company received an unsecured, 10% annual interest-bearing promissory note as part of the asset purchase agreement for AccelVue (Note 7) in the amount of \$57 with a two-year term. The Company is to make one payment including both principal and accumulated interest at the maturity date of October 10, 2026. As of September 30, 2025, the outstanding balance was \$58 (December 31, 2024 – \$58), included in long term debts.

During the three and nine months ended September 30, 2025, the Company recorded interest expense of \$1,337 and \$2,534, including \$19 related to the EIDL Loan (September 30, 2024 – \$20).

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

	\$
0 to 1 year	15,141
1 to 2 years	118
3 to 5 years	355
Thereafter	5,625
Less: effective interest	(1,271)
	19,970

9. LEASE LIABILITIES

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

	September 30, 2025
Beginning balance as of January 1, 2025	\$ 108
Payment of lease obligations	(50)
Interest expense on lease obligations	8
Ending Balance as of September 30, 2025	\$ 66

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

	September 30, 2025
Maturity analysis – contractual undiscounted cash flows	
Less than one year	\$ 70
One to five years	-
More than five years	-
Total undiscounted lease obligations	\$ 70
Lease obligations	\$ 66
Current portion	\$ 66
Non-current portion	\$ -

9. LEASE LIABILITIES (Continued)

As of September 30, 2025, the Company has one active lease agreement used for an office space, which 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 12.0% (2024 – 11.3%).

The Company also has one additional lease for a data centre with lease terms of 12 months or less and two low value office leases with the lease term ending on October 31, 2027 and July 31, 2026, with a one-year extension. The Company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases. The expenses relating to the short-term and low-value leases were \$8 (September 30, 2024 – \$13).

10. SHARE CAPITAL

Common Shares

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

For the nine months ended September 30, 2025:

On February 9, 2025, the Company issued 43,759,013 common shares as part of its non-brokered private placement at a price of \$0.035 (CDN \$0.05) per common share for aggregate gross proceeds of \$1,509 (CDN \$2,188) (the “Concurrent Offering”). Net proceeds from the private placement aggregate to \$1,384, net of \$125 professional fees. Insiders purchased 31,337,333 units and non-insiders purchased 12,421,680 units with gross proceeds of \$150 (CDN \$215) and \$1,359 (CDN \$1,973), respectively.

As part of the Private Placement, the Company issued \$50 in common shares to HEAL USA Corp. as part of the LOI to purchase the AccelVue assets.

As at September 30, 2025, the Company had 176,890,724 common shares outstanding (December 31, 2024 – 133,131,711 common shares outstanding).

For the nine months ended September 30, 2024:

On July 24, 2024, the Company issued 62,407,767 common shares as part of the Avonlea Debt conversion transaction. Issuing 57,543,906 common shares were at a deemed issue price per common share equal to \$0.026 (CDN \$0.035) and 4,863,861 common shares were issued at a deemed issue price per common share equal to \$0.037 (CDN \$0.05).

As at September 30, 2024, the Company had 119,951,673 common shares outstanding (December 31, 2023 – 57,543,906 common shares outstanding).

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10. SHARE CAPITAL (continued)

Incentive Plans

On June 16, 2025, the Company’s Board of Directors approved a new omnibus equity incentive plan (the “New Compensation Plan”), subject to shareholder and pending TSX-V approval. The purpose of the New Compensation Plan is to align the interests of directors, officers and employees with those of shareholders, support long-term value creation and facilitate the attraction and retention of key personnel. The New Compensation Plan replaces the Corporation’s legacy plan and provides for the grant of stock options, restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”) to directors, officers, employees and consultants of the Corporation. Under the New Compensation Plan, the maximum number of common shares issuable pursuant to awards is limited to 10% of the issued and outstanding common shares at any time, inclusive of grants made under the legacy plan with some restrictive applied. Options granted under the plan have an exercise price not less than market value at the grant date, a maximum term of ten years, and typically vest in equal installments over four years. RSUs and PSUs generally require a minimum one-year vesting period, with PSUs subject to performance conditions established by the Board. DSUs may only be granted to non-executive directors and are settled after termination of service.

Stock Options

The stock option activity for the period were as follows:

	Number of Options	Weighted Average exercise price
As at December 31, 2024	2,745,686	\$ 0.32
Forfeited	(900,000)	\$ 0.22
Outstanding as at September 30, 2025	1,845,686	\$ 0.43
Exercisable as at September 30, 2025	1,845,686	\$ 0.43

	Number of Options	Weighted Average exercise price
As at December 31, 2023	3,135,882	\$ 0.32
Forfeited	(25,000)	\$ 0.12
Outstanding as at September 30, 2024	3,110,882	\$ 0.32
Exercisable as at September 30, 2024	3,079,632	\$ 0.29

As of September 30, 2025, the Company had the following stock options outstanding:

	Exercise Price	Number of options outstanding	Weighted average remaining life (months)
2026-07-01	\$ 0.77	500,000	9
2030-02-25	\$ 0.20	1,245,686	54
2031-03-03	\$ 1.00	100,000	66
		1,845,686	42

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10. SHARE CAPITAL (continued)

There were no stock option issuances during the three and nine months ended September 30, 2025.

Warrants

A summary of all warrants issued is as follows:

	Warrants Outstanding	Weighted average exercise price
Balance December 31, 2024	10,933,943	\$0.306
Issued	21,879,507	\$0.100
Balance September 30, 2025	32,813,449	\$0.169

On February 9, 2025, the Company issued 21,879,507 warrants as part of the non-brokered private placement offering. All warrants were valued using the Black Scholes valuation model with the following assumptions: expected volatility of 117.9%; expected dividend yield of 0%; risk-free interest rate of 2.66%; exercise price of \$0.07 (CDN \$0.10).

As of September 30, 2025, the Company has 4,595,071 Restricted Share Unit (“RSU”) outstanding (September 30, 2024 – 4,595,071). No RSU’s have been granted during the nine-month period ended September 30, 2025.

11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended September 30, 2025 and 2024:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Professional expenses	732	726	1,730	1,266
Software & IT	110	79	295	299
Public company expenses	39	78	201	231
Office expenses	113	184	350	392
Processing fees	144	142	297	329
Other general and administrative	52	28	94	51
General and administrative e:	1,190	1,237	2,967	2,568

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.

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<i>(Expressed in thousands of US dollars, except share and per share amounts)</i>				
Basic weighted average number of shares outstanding - opening balance	176,890,724	57,543,906	133,131,711	57,543,906
Issuances of shares for Private Placement	-	50,875,897	37,507,725	17,082,418
Basic weighted average number of shares outstanding - ending balance	176,890,724	108,419,803	170,639,436	74,626,324
Diluted weighted average number of shares outstanding	176,890,724	108,419,803	170,639,436	74,626,324
Net loss for the period	\$ (2,510)	\$ (1,494)	\$ (4,924)	\$ (4,428)
Weighted average basic and diluted loss per share	\$ (0.014)	\$ (0.014)	\$ (0.029)	\$ (0.059)

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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, 2025 and 2024, key management personnel compensation comprising of salaries and share based compensation:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Key management personnel compensation				
Executives	65	-	239	-
Former executives	88	158	531	558
Share based compensation				
Executives	-	-	1	-
Total	153	158	771	558

Included in accounts payable and accrued liabilities, was a balance of \$234 (December 31, 2024 – \$180) owing to former personnel and other payouts. Included in promissory note receivable, was a balance of \$188 (December 31, 2024 – \$215) due from a board member.

The Company has a related party loan payable to AVI, a promissory note payable to AVI, and a promissory note payable to HEAL USA Inc. in the amounts of \$12,468, \$2,052, and \$58, respectively. See Note 8 for additional information.

On February 9, 2025, the Company issued common shares as part of its non-brokered private placement, see Note 10 for more information. Insiders purchased 31,337,333 units and non-insiders purchased 12,421,680 units with gross proceeds of \$150 and \$1,359, respectively

14. 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.

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

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.

The Company evaluates credit losses on a regular basis based on the aging and collectability of its receivables. As at September 30, 2025, the Company had a provision for expected credit loss of \$174 (December 31, 2024 - \$205).

On April 28, 2025, the Company amended the terms of an interest bearing secured promissory note receivable with the Company’s Executive Chairman which was originally issued January 21, 2021, extending the due date from February 15, 2025 to March 1, 2030. The new agreement contained fixed quarterly payments for 20 quarters, effective May 1, 2025, with the remaining balance to be paid on March 1, 2030. Commencing May 1, 2025, the promissory note receivable will bear interest at a rate of 4% per annum calculated monthly and compounded annually. As of September 30, 2025, \$32 (December 31, 2024 - \$nil) was included in current portion of promissory note receivable and \$156 (December 31, 2024 - \$nil) in non-current portion promissory note receivable and \$3 (September 30, 2024 - \$nil) being included in interest income.

The following table provides information regarding the aged trading receivables:

	Current	31-60 days	61-90 days	91+ days
September 30, 2025	40%	35%	20%	5%
December 31, 2024	72%	27%	1%	0%

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 and debt financing to fund its operations and acquisitions and will need to continue to secure additional funding for operations. 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.

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024****(All amounts expressed in thousands of US dollars, except number of shares or per share amounts)****14. CAPITAL MANAGEMENT, FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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	2,217	-	-	-	2,217
Debts	15,327	44	141	4,720	20,231
Lease liabilities	66	-	-	-	66
	17,610	44	141	4,720	22,514

c) 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, 2025
	\$
Cash	12
Notes and other receivables	91
Accounts payable and accrued liabilities	231

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 \$3 (September 30, 2024 – net loss of \$3).

15. CONTINGENCIES

From time to time, the Company is involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. As of September 30, 2025, there are two (2) ongoing legal proceedings relating to client disputes and one (1) ongoing legal proceeding relating to contract, employment and statutory claims. Although the Company contests the validity of these claims and proceedings and at this stage, the Company believes that its liabilities, if any, arising from such matters will not have a material adverse effect on the Company's consolidated financial position or results of operations and have been adequately provided for in the consolidated financial statements. The two legal proceedings involving client disputes are both subject to partial and final motions to dismiss, which are currently under review by their respective courts. The proceeding relating to contract, employment and statutory claims is in early stages and it is too early to predict the resolution of the matter. However, given any litigation involves uncertainty, it is not possible to determine the outcome of such matters or the amount of potential losses, based on all currently available information.

Based on the advice of legal counsel and an assessment of the likely outcome, management has recognized a provision of \$200, representing the best estimate of the expenditure required to settle the various obligations. After consideration of the facts and consultation with legal counsel, management has concluded that it is not probable that a materially significant outflow of resources will be required to settle these claims. These claims continue to be monitored for any change in circumstances.