

Kovo HealthTech Completes Acquisition of The Cvikota Company, Inc.

10th Successful Acquisition Expected to Immediately Increase Annualized Recurring Revenue to \$9M USD, +200% vs Fiscal 2020 Revenue

Vancouver, British Columbia--(Newsfile Corp. - November 22, 2021) - Kovo HealthTech Corporation (TSXV: KOVO) (the "**Company**" "**Kovo**") — a leader in healthcare Billing-as-a-Service — has officially completed its acquisition of The Cvikota Company, Inc. ("**Cvikota**" or "**Seller**").

Acquisition Immediately Accretive

The acquisition, which was previously announced on [November 2, 2021](#), is expected to be immediately accretive to Kovo as Cvikota recorded Trailing Twelve Month (TTM) revenues of approximately USD\$3 million with EBITDA of approximately 20% net of synergies.

Kovo CFO Inder Saini, a health tech acquisition specialist, confirms the Cvikota transaction meets Kovo's acquisition strategy target of buying \$1 of Annualized Recurring Revenue ("ARR") for every \$1 investment of debt or equity to drive growth. [As reported in Kovo's Q3 Financials](#), Saini says the acquisition has immediately increased the Company's ARR to approximately USD\$9 million (CAD\$11.2 million), an increase of about 200% versus fiscal 2020 revenue.

Optimizing Technology Efficiencies and Trust

"The Cvikota Company is a trusted name with long-standing clients, a great team and a 50 year legacy of providing SaaS-style billing services for physicians, health providers and healthcare clinics across the United States. For Kovo and our shareholders, this acquisition delivers significant accretive revenue, with minimal dilution," says Kovo CEO Greg Noble, a Billing-as-a-Service healthcare technology leader and innovator.

According to Noble, back office integration is already underway and the Company will continue to provide further updates on synergies and optimizations in the weeks ahead. "We're excited to work together with Curt Cvikota and his team to phase-in Kovo's proprietary OneRev technology platform which offers improved efficiencies and our industry-leading sub 30 days cash conversion cycle to allow clients to focus on offering quality patient care," explains Noble.

Under the terms of the Agreement, which has been approved by the TSXV, Kovo HealthTech Corporation, through a wholly-owned subsidiary ("**Buyer**"), purchased substantially all of the assets of the Seller, including associated trademarks, trade names, brand names goodwill, intellectual property, customer lists and customer contracts.

As consideration for the acquisition, the Company: (i) paid to the Seller cash consideration of approximately \$1,375,000 million USD paid at closing (the "**Closing Payment**"), (ii) a promissory note (the "**Note**") in the amount of \$687,500 USD, with interest at the rate of five percent (5%) per annum. and (iii) in January 2022, the Buyer will cause Kovo to issue common shares having a value, in USD, equal to: gross receipts for 2021 actually collected from certain accounts linked to the acquired business, less the Closing Payment, less the face amount of the Note. The pricing of the shares will be the greater of the (i) the 10 day value weighted average of the closing price at issuance, (ii) the Market Price as defined in the TSX Venture Exchange Policy 1.1 on the date prior to issuance, and (iii) CAD\$0.40. The maximum number of shares that may be issued shall not result in a new control person under the policies of the TSXV. Principal of the Note shall be due as to one-half on November 1, 2022 and the remaining

half on November 1, 2023.

About Kovo HealthTech Corporation and US Healthcare Billing-as-a-Service

Kovo HealthTech Corporation is a growing healthcare technology company that specializes in Billing-as-a-Service offering SaaS-style recurring revenue contracts and software for US healthcare clinics, hospitals and private practices. Kovo helps healthcare providers digitally track and manage complex patient care registration, services, billing and payments in a seamless way, using its proprietary OneRev technology platform. By offering effective billing practices and technology through long-term SaaS-style contracts, Kovo helps healthcare practitioners focus on offering quality care. To learn more about Kovo and to keep up-to-date on Kovo news, visit www.kovo.co.

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Forward-Looking Information and Statements

This press release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") concerning the Company and its subsidiaries within the meaning of applicable securities laws. Forward-looking information may relate to the future financial outlook and anticipated events or results of the Company and may include information regarding the Company's financial position, business strategy, growth strategies, acquisition prospects and plans, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which the Company operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "budgets", "scheduled", "estimates", "outlook", "forecasts", "projects", "prospects", "strategy", "intends", "anticipates", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will" occur. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Many factors could cause the Company's actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking information, including, without limitation, those listed in the "Risk Factors" section of the final prospectus of the Company dated May 26, 2021. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this press release.

Forward-looking information, by its nature, is based on the Company's opinions, estimates and assumptions in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate and reasonable in the circumstances. Those factors should not be construed as exhaustive. Despite a careful process to prepare and review forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking information.

Although the Company bases its forward-looking information on assumptions that it believes were reasonable when made, which include, but are not limited to, assumptions with respect to the Company's future growth potential, results of operations, future prospects and opportunities, execution of the Company's business strategy, there being no material variations in the current tax and regulatory environments, future levels of indebtedness and current economic conditions remaining unchanged, the Company cautions readers that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from the forward-looking statements contained in this press release. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking information contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA", "Adjusted EBITDA" and "Adjusted EBITDA Margin" to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. "EBITDA" means net income (loss) before amortization and depreciation expenses, finance and interest costs, and provision for income taxes. **Adjusted EBITDA" adjusts EBITDA for stock-based compensation expense, transactional gains or losses on assets, asset impairment charges, interest income, net foreign exchange gains or losses, income tax expense or recovery, forgivable one-time government financial payments related to the COVID-19 pandemic ("PPP Loans"), and any transactional expenses. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and restructuring, impairment and other charges, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made (or as of the date they are otherwise stated to be made). Any forward-looking statement that is made in this press release speaks only as of the date of such statement.

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



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