Kovo+ Announces Letter of Intent to Acquire Exclusive Rights to AI Vector and Veebas

Vancouver, British Columbia--(Newsfile Corp. - February 13, 2025) - Kovo+ Holdings Inc. (formerly Kovo HealthTech Corporation) (TSXV: KOVO) ("**Kovo**" or the "**Company**") is pleased to announce that it has entered into a non-binding letter of intent (the "**LOI**") with Avonlea Ventures #2 Inc. ("**AVI**"), whereby the Company intends to acquire (the "**Proposed Transaction**") certain contractual assets of AVI, including the exclusive right to acquire, among other things: (i) all of the membership interests (the "**AI Vector Assets**") of AI Vector, LLC ("**AI Vector**") pursuant to a letter of intent among AVI, AI Vector and the members of AI Vector (the "**AI Vector LOI**"); and (ii) all of the material business and intellectual property assets (the "**Veebas Assets**", and together with the AI Vector Assets, the "**Target Assets**") of AAG Core, LLC ("**Veebas**" and together with AI Vector, the "**Target Companies**") pursuant to a letter of intent between AVI and Veebas (the "**Veebas LOI**", and together with the AI Vector LOI, the "**Target Company LOIs**").

AVI is an Ontario corporation controlled by Mr. Michael Steele, a current director and controlling indirect shareholder of the Company. Mr. Steele is also a director, officer and the sole indirect beneficial shareholder of AVI. Therefore, AVI is a "related party" to the Company, and the Proposed Transaction is subject to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). AVI is also considered a "Non-Arm's Length Party" pursuant to the policies of the TSX Venture Exchange (the "**TSXV**"). As a result, closing of the Proposed Transaction is subject to: (i) absent exemptions, formal valuation and minority shareholder approval pursuant to MI 61-101; and (ii) the approval of the TSXV. Pursuant to Sections 5.5(b) of MI 61-101, the Company intends to rely on an exemption from the formal valuation requirement as no securities of Kovo are listed or quoted on a specified market.

The consideration for the assignment of the Target Company LOIs to Kovo is the issuance of USD$3.5 million of common shares of Kovo (the "**Consideration Shares**") at a deemed price to be determined in accordance with the rules and policies of the TSXV and USD$1.5 million in cash for an aggregate purchase price of USD$5,000,000 (the "**Purchase Price**"). The Purchase Price recognizes the approximately USD$1.5 million cash advanced to AI Vector and Veebas by AVI, as well as the increased value of the business and assets of the Target Companies, which have resulted from such funding and which, therefor, permit Kovo to acquire the AI Vector Assets and the Veebas Assets at a discount to the current enterprise value, which will be supported by independent business valuations (the "**Valuations**"). The Consideration Shares will be subject to a hold period of four months and a day in accordance with applicable Canadian securities laws.

Under the LOI, the Proposed Transaction is expected to be completed by way of binding asset purchase and assignment agreement negotiated between Kovo and AVI (the "**Option Acquisition Agreement**"), subject to modification based on business, tax, accounting, regulatory and other considerations. The entering into of the AI Vector and Veebas transactions (collectively, the "**Target Transactions**"), respectively, are expected to be effected through definitive agreements in relation to the Target Assets (the "**Definitive Agreements**"), which are expected to formalize the terms and conditions set forth in the AI Vector LOI and the Veebas LOI, respectively, and which shall reflect a reduction in the aggregate purchase price payable to the members of AI Vector and to Veebas by an amount equal to the Purchase Price (the "**Price Reduction Accommodation**"). The Purchase Price Accommodation is expected to be reflected in each Definitive Agreement in proportion to the percentage value that each of AI Vector and Veebas has in relation to the aggregate value of both Target Companies.

The entering into of the Option Acquisition Agreement and the Definitive Agreements will be conditional on the Valuations supporting a value for the Target Assets of no less than USD $5.0 million in aggregate and the Definitive Agreements contemplating the Price Reduction Accommodation. The Company intends to proceed with the acquisition of the Target Assets as soon as practicable upon closing of the Proposed Transaction. Closing of the Proposed Transaction and Target Transactions are each subject to certain customary conditions, including, without limitation, satisfaction due diligence, third-party and governmental approvals, including shareholder approval and TSXV approval.

"We are excited to announce the preliminary terms of the Proposed Transaction," said Justin Anderson, Chief Executive Office of the Company. "Kovo's utilization of AI automation through proof-of-concept initiatives in healthcare revenue cycle management has demonstrated strong potential for driving efficiencies and improvements. Utilizing the Target Assets together with Kovo's technology, we believe we can significantly enhance our operational capabilities and expand our market reach, including rapidly expanding into adjacent markets and industries where AI Vector and Veebas are already established."

None of the securities sold in connection with the Proposed Transaction will be registered under the United States Securities Act of 1933, as amended, and no such securities may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Kovo+ Holdings Inc.

Kovo is a versatile technology company leading the charge in AI initiatives to drive impact and innovation across diverse industries. Kovo remains committed to its core business-model of strategic growth opportunities within mid-market Medical Billing firms, where exploitive business optimization synergies exist. Moving forward, Kovo will integrate accretive broader healthcare sector additions to its portfolio and opportunities beyond in multiple new markets. Dedicated to revolutionizing business process optimization through technological advancements and evolving AI-applied methods, Kovo embodies a commitment to ensured and enduring profitability. To learn more about Kovo and to keep up to date on Kovo news, visit www.kovoplus.com.

Cautionary Note Regarding Forward-Looking Information

Statements contained in this news release that are not historical facts are "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian securities laws. Such forward-looking statements or information are provided to inform the Company's shareholders and potential investors about management's current expectations and plans relating to the future and include, but are not limited to, (i) expectations regarding closing times, and receipt of regulatory, shareholder and TSXV approvals; (ii) expectations concerning the Company's ability to close the Proposed Transaction and the acquisition of Target Assets, including the timing thereof; (iii) the outcomes of its due diligence investigations regarding the Target Companies and the terms of the LOI, including any changes to the structure of the Proposed Transaction or the acquisition of the Target Assets and the ability of the Company to realize the benefits of the contractual agreements it intends to acquire; and (iv) expectations regarding the Company's business plans and operations. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Any such forward-looking information may be identified by words such as "anticipate", "proposed", "estimates", "would", "expects", "intends", "plans", "may", "will", and similar expressions. Forward-looking statements or information are based on a number of factors and assumptions that have been used to develop such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. The forward-looking information in this news release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or expressly qualified by this cautionary statement.

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