



Axon Due Dilligence

Prepared by Corvus
Research & Communication



AXON IS POISED TO BECOME A LEADING
MEDICAL RECORDS COLLABORATION
COMPANY. AT THE FOREFRONT OF AXON'S
SUCCESS IS ITS EXPERT TEAM.



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INTRODUCTION



Peter Bak, Axon's CEO was motivated to create a visual index for medical data in 2008, when his sister-in-law was diagnosed with breast cancer and his wife, was her case manager. There was a demonstrated need for clearer ways to view, share, and interpret medical record data more efficiently and, for Bak's family, an important factor was an increased ability for patients to self-advocate by being able to view and share their own data. From here, Bak and Axon began moving to trademarks and patent development to make their goal a reality.

It is Bak's vision and expertise that led Axon and the development of Kovo. His close attention to client needs built off of years of collaborative experience continue to drive Kovo's progress.

Bak is also the CIO at Humber River Hospital and was the architect of the hospital's digital vision and continuing implementation of

that vision. Bak's PhD is in Applied Engineering from Imperial College, London and he has since focused on the healthcare sector, particularly focusing on diagnostic imaging, hospital IT, health record collaboration and sharing. Bak views hospitals themselves as a mobile experience and believes that front-line staff need access to mobile devices which was likely influential in the thinking to develop Kovo'. For Humber River hospital a program called Ascom Context is used which operates on the same principal of collaboration and information accessibility to create optimal patient care that Kovo utilizes, though the systems themselves are very different.

In 2016, Bak was awarded the ITAC Canadian CIO of the year in the public sector for his work on the Humber River digitization project. Of Bak, Eugene Roman, the 2015 ITAC Canadian CIO of the year, says he "led the revolutionizing of medicine through

key initiatives”². The systems implemented in Humber were fully embraced by the staff and impacted every area from nursing, to pharmacies, to patient experience. Some of Bak’s key innovations were to create 80% single patient rooms, utilising Ascom Unitefor nursing and to develop a state of the art pharmacy where medications are packaged and distributed robotically. All signage at Humber is digital and a primary focus of the shift is patient empowerment³.

Bak began working with Humber River Hospital as a consultant and in 2012, during the second year of the five year hospital digitization project became the CIO.

Bak was involved in a federal initiative called Canada Health Infoway which was tasked with deploying a pan-Canadian electronic health record solution. Bak was responsible for the strategy to convert all medical imaging in the entire country to digital and then facilitate the sharing of those images among providers and patients. Approximately \$1B CAD and eight years later, the country’s medical imaging is completely filmless and each province has a central repository of medical imaging records that are accessible by all providers.

Bak chaired the Pan-Canadian Standards Working Group and was instrumental in driving key standards around compression and technical architecture for medical imaging which are globally recognized and adopted by many countries.

Continuing with the theme of empowerment, Bak was on the board of directors of Amref Health Africa in Canada from December 2015 to November 2017, which is an African-led international organization that serves thirty African nations by providing training and health services.

From 2002 to 2013 Bak was the president of VBM Services Inc. which works as a consultant to implement and plan IT Infrastructure for healthcare providers. During this time he also worked with Canada Health Infoway, the Fraser Health Authority, St. Michael’s Hospital, Philips Medical Systems, and others.



DR. BAK WAS THE KEY LEADER OF THE HUMBER RIVER DIGITIZATION PROJECT, MAKING IT THE FIRST FULLY DIGITAL HOSPITAL IN CANADA. IT IS THIS LEADERSHIP AND INNOVATION THAT WILL TAKE AXON TO ITS HIGHEST POTENTIAL.



AXON TECHNOLOGIES & KOVO



Axon Technologies is a company that has developed a multi-faceted approach to sharing medical data and creating a constellation of care for patients. Their first consumer facing technology is a mobile primary application called Kovo focusing on the equine health market.

Kovo is easily downloaded through the app store and an easy entry with customers paying \$60 per horse per year. A priority for Kovo is to allow equine veterinarians to upload Digital Imaging and Communications in Medicine (DICOM) images to the application to instantly be shared through a cloud. DICOM image sharing is important because traditionally, if a veterinarian wanted to share an image with a client or another veterinarian it would be done on e-mail through .jpg format. A .jpg image could be useful but does not offer the same depth or image manipulation abilities as a professional DICOM image, which offers far superior

diagnostic capabilities for veterinarians.

Kovo also allows veterinarians to manage their patient's care more efficiently. When vets, owners, trainers, or other individuals in an animal's constellation of care log into the app and select a horse they see a timeline of cases for the horse, where a case represents an event or progression of the case, and any relevant information that has been uploaded in association with any open cases. When the case is selected it displays details in the case such as case notes, videos of any length, and additional information. A large part of the ethos of Kovo is information democratization, where any piece of added data becomes a part of an animal's medical record, whether or not it is added by the doctor or by a trainer, owner, farrier, or any other member of the healthcare team.

For users that are new to Kovo the website has several

comprehensive instructional videos designed to aid new users in integrating the app into their workflow. Kovo is primarily designed for three main streams, the thoroughbred racehorse, sporthorses, and western performance horses

Kovo is considered medical grade social network because of the ease of sharing capabilities within the app among professionals. Many of these horses are considered elite athletes and as such travel and have veterinarians in multiple locations. Kovo makes it seamless for these vets in different locations to share all relevant data no matter where the horse may be.

Kovo has put patient care at the forefront and continually works with their clients to create adaptations to best fit their needs.

The team's high profile experience lead to its continuing development, where Kovo intends to also enter the companion animal market to serve additional clients with dogs and cats. Eventually, Axon intends to enter the human healthcare market, where Kovo and associated technology has its origins. It is advantageous to take technologies that have been honed and refined in the animal healthcare market into the human market. With Bak's excellent track record in hospital and healthcare digitization, Axon's technology will likely become an invaluable tool to healthcare professionals in the human sector as well. This will be done through NextJ Health which will allow for more sustained earnings and a proof of concept outside of North America.



PRODUCT EXPERIENCE

CLIENT ONE: VETERINARIAN

Client One, uses the product for his veterinary practice which works primarily with thoroughbred racing horses and began using the product in mid-summer 2018. The application was easy to integrate into the team of twenty-three employees and three veterinarians with 1,200 horse patients in Ontario. Kovo was also helpful with the integration process and assisted Client One's team with integrating into their workflow.

Client One had not used or seen an application or service similar to Kovo before. The main benefit they received from using Kovo is data amalgamation. Client One stated that prior to using Kovo much of the data required for his on-site practice was only accessible by printing out data from a specific machine if he wanted to review it on-site with an equine patient. Data itself was challenging to find and Client One said that it could take up to half a day of staff work to locate the specific images taken on specific machines. With the integration of Kovo all the data is transferred to the app which can be accessed by iPad or iPhone in the field. The time-saving capacity of Kovo has been the biggest asset to Client One's practice to this point.

Integration and amalgamation are the primary points because the app works easily with any type of medical imaging machinery, whether it is a new machine or old machine. This allows vets to stay flexible and use their existing machinery in conjunction with Kovo.

Another key benefit of Kovo for Client One's practice is the ease of sharing of information with other vets, particularly for second opinions, or for when a horse is travelling internationally and is seeing a different veterinarian. Client One stated that at this point their practice was not sharing data directly with horse trainers, or owners, because there is concern about sharing medical imaging that requires professional interpretation with those who are not professionals. The primary concern is that seeing uninterpreted data could cause undue concern for the trainers and owners at this time. At this point, Client One is strictly using the application for medical imaging data and not for uploading additional images or types of information.

With sharing privacy is a critical component. There are no regulatory requirements in the equine healthcare industry, where there are requirements with humans. However, privacy is a vital component for clients, as horses are an expensive asset whose medical information is quite sensitive. Privacy is a core value proposition, which requires two-factor identification for sharing health records from each user.



The veterinary practice works continuously with the Kovo staff and engineers to continually improve the product for their specific needs. The next feature Client One is working on with Kovo is easier emailing of records to other vets from app to email instead of sharing just app-to-app.

The impact on patient care has been time-saving primarily which allows the veterinary care team to do more for an animals health per day and per visit instead of spending a large portion of time searching for medical records.

Peter Bak, Axon's CEO, described an experience with another vet Kovo had been pitching to. This vet said that there did not appear to be a unique value proposition in using Kovo and that he was not interested. Bak took the time to step in and describe the Kovo and its user experience further to this veterinarian who quickly realized the increased value of Kovo to his veterinary practices. Bak expressed that instances like the one described above are rare. Sometimes, veterinarians and other professionals in the equestrian industry, he said, can be resistant to new technology as they have been using paper charts as the primary form of data for most of their careers. However, the majority of veterinarians approached recognize the need for a modified workflow that drastically reduces the time spent sifting through data on different cases. Bak states that one of the primary reasons for pursuing the equine market first is because the veterinarians are so mobile, where they visit their patients instead of the patients going to the vet, which makes real-time data accessibility in the field of utmost importance.

CLIENT TWO: CATHY SERIO, TRAINER

Kathy Serio, one of Kovo's biggest advocates, uses Kovo for her and her husband's training practice where they currently have fourteen horses registered. Serio also is employed by Kovo, and was employed by Kovo prior to implementing the app into her workflow. The horses in their practice were added in August after she heard about it from Craig Roberts, an equine veterinarian. Serio is also an equine pharmaceutical representative.

Serio has worked in the animal healthcare field for fifteen years and ridden for forty-five years. She competes at the highest amateur hunter-jumper level where her and her husband have a training practice as he is a well known trainer.

For Serio, an important component of Kovo is the flexibility it

Serio stated that when interacting with the vets on Kovo there has been a learning curve with adaptation. At first, and still sometimes, it can be challenging for Serio and her veterinary team to get into the habit of using Kovo as their primary mode of communication and information sharing. Serio did mention that one of her vets is more willing to use the platform than others because she is working with an olympic level farm and spend a lot of time flying to different parts of the country. This vet also has an equine surgeon husband, and the two often like to share information quickly and easily, which Kovo facilitates.

While the veterinary team has had some level of success with adaptation the horse owner response has been slower. Many of the horse owners are older so can have a more challenging time using



provides. Serio and her husband spend their winters in Florida and summer in North Carolina. They also have clients that send their horses from Toronto to Florida for the winter. They wanted a tool that would make it easy for their vet in Florida to see what the horses had done or been working on in the summer months, and vice versa when the horses return.

Serio also often uses the application to take long form videos. For her, Kovo has begun to bridge the gap between using traditional social media and tools such as WhatsApp to communicate with both vets and horse owners and is allowing for much more efficient and holistic information sharing.

Kovo also helps Serio prepare for competitions. Imaging such as x-rays and being able to re-watch videos and create organized plans for a horse's competition preparation.

technology. The owners do believe that it is necessary and useful to have access to this information, but are not as actively applying Kovo's technology. Where Serio does see that it is a benefit to the owners is that it increases transparency between Serio and her husband as the trainers and the owners about the care and treatment plans their horses are undertaking. Serio states that the App could be simplified and streamlined for the lay user who is not a veterinarian. She would like to see an element included that makes direct discussion easier through a feature that is focused on messaging.

Serio had not previously used a barn management or organization software. Her main comments are that she is more looking for an "everything horse" app that includes adding training plans, more responsiveness, billing, which Peter Bak states will be added, and more of a social media element where sharing videos and other similar components becomes easier.



CLIENT CARE

Client care has been a vital part of Kovo to date. In collaboration with clients Kovo has developed three specific workflows for different needs including racetrack veterinarian, sporthorse veterinary, and farm veterinarian. Vets in each of these fields have been able to discuss their specific needs to create more specific workflows, whether it is a more simplified interface for racetrack veterinarians or options for foaling and neo-natal care for farm veterinarians. Though Kovo is easy to use it maintains the data structures and complexity that veterinarians expect, as validated by the above testimony. Even though owners may not use Kovo as much as the veterinarians they will still see the value in the increased level of care provided to their horses.

While a base concept of social media and video sharing is an element of Kovo it is not intended to replace traditional social media, as the circle of sharing is still fairly restricted.

Kovo has some very high profile clients in the equine world including WinStar Farms in Kentucky, who owns Justify, the 2018 Triple Crown winner, along with several other winners of the Kentucky Derby and the Belmont Stakes in various years. Kovo's team will be working closely with Winstar to ensure that Kovo closely meets their needs.

The next innovation that Kovo is focusing on is increasing revenue by optimizing capture and tracking of billable items, which has been a common request and is especially valuable for large clients such as WinStar Farms. Another key innovation will be voice-to-text translation, which will make notation in the field hands-free and easier to use. Additionally, they are also working on integration with pharmacies and laboratories.

IT HAS REMAINED A KEY PRIORITY OF KOVO TO ADAPT ITS PRODUCT SPECIFICALLY TO ITS USERS NEEDS.



SOCIAL MEDIA

SOCIAL MEDIA IS A CRITICAL PART OF ANY BUSINESS, PARTICULARLY ONE IN THE DIGITAL IMAGING SPACE. WHILE KOVO DOES HAVE SOME SOCIAL MEDIA PRESENCE THERE IS STILL ROOM FOR DEVELOPMENT.

Kovo's website has several videos and articles ranging broadly on topics from Kovo use to more general equine topics, such as pre-purchase evaluations. The website is consistent with Kovo's branding and messaging, and appears to serve the goals of the business.

The Kovo Facebook page has 582 likes and several recommendations including from Kathy Brown Serio who, on August 16, 2018, says "Kovo will revolutionize how owners, trainers, veterinarians, blacksmiths, chiropractors, massage therapists, magna wave technicians, acupuncturists and so many other people involved in the care of your horse, exchange and share. pertinent information with each other. this will connect continents as well as the horse world will easily access records from abroad". In a similar post she states that the veterinarian she uses has been a large part in the Kovo development.

There are five additional recommendations and reviews which are all overwhelmingly positive.

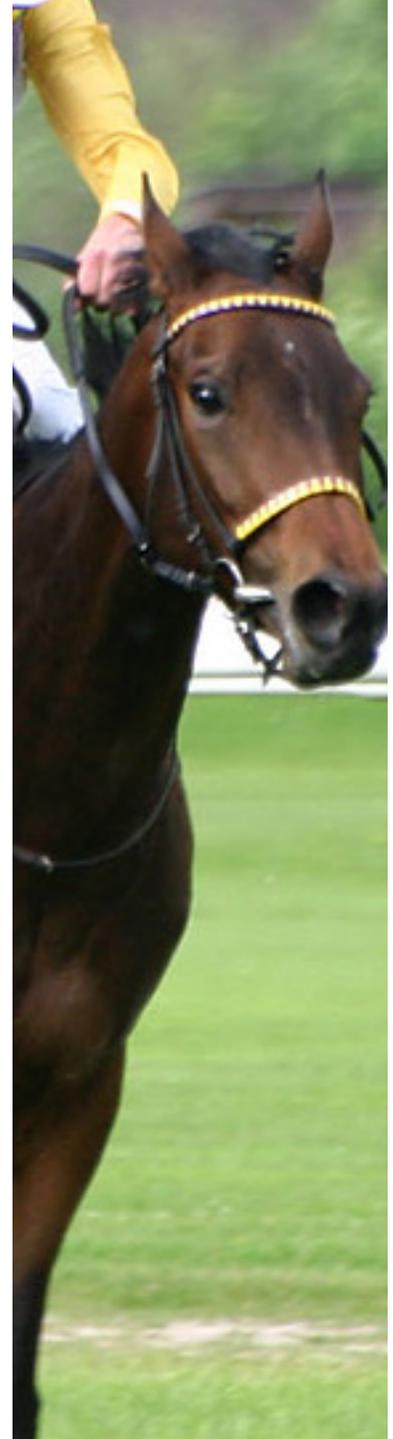
The Facebook page uses multiple videos including in-depth instructional videos on how to use the app with interface tutorials including how to download the app and login

and how to view and manipulate DICOM images within the app. The difference between viewing old .jpps and DICOM medical grade images is something that many of their testimonial videos place great emphasis on. The video done by a vet that details the difference between DICOM and .jpg has been shared twenty-five times and has 56,000 views.

The posts at this time do not have very high engagement with many posts getting between 0 to 10 likes and 0 to 10 shares. One One of

THE ENGAGEMENT ON KOVO'S PAGE VIDEOS IS A GOOD INDICATION OF HOW CONSUMERS ARE USING THE CONTENT TO BETTER LEARN ABOUT AND ENGAGE WITH THE APPLICATION.

their popular videos on evaluation and pre-purchase overseas has 25,000 views. Another popular video is about downloading and using Kovo, which has 10,000 views and 38 shares. Many of these videos focus on professional testimony with vets, trainers, and owners.



MARKET OPPORTUNITY

Kovo has forecasted that they will add 200,000 horses to the subscription service in 2019 with a stretch goal of 300,000. Currently, there are over 673 clients with 3,591 horses registered. This represents a significant jump in intention from 2018 to 2019. The equine industry in Canada is quite substantial and is worth \$19M CAD annually supporting 154,000 jobs. In the United States the total impact of the equine industry is much more significant, with a GDP impact of \$122B USD per year¹ with \$38.8B USD goods and services sold per year². Racing alone contributes \$10.6B USD to the U.S. economy.

In Canada, there are currently 963,500 horses with 21% of those being in Ontario and 32% in Alberta³. Kovo's main audience is for racing and sport horses which account for 5.4% and 18.2% of Canada's horse population, or about 227,386 horses. In the United States, however, there are 840,000 horses currently used for racing and 2,720,000 horses used for horse shows which represent two of Kovo's key demographics. There are additional market opportunities in Western Performance competition within Canada, the United States, and others. The largest state for horse ownership in the United States is Texas where there are 1,000,000 horses out of the total horses in the United States of approximately 7,200,000 horses¹.

Currently, in Canada there are 1,300 thoroughbreds registered each year in Canada as Canadian-bred with 800 of these in Ontario⁴.

With regard to veterinarians Canada's largest concentration of veterinarians is 1,623 in Alberta and 4,880 in Ontario with 3,224 total veterinary practices in Canada not exclusive to equine vets⁵.

THE UNITED STATES EQUINE MARKET REPRESENTS A SIGNIFICANT OPPORTUNITY FOR KOVO'S EXPANSION.





In Canada, only thirty-five veterinarians currently hold FEI veterinary status which controls many horse shows and professional organizations in the equine world in Canada. There are seventy-six veterinarians who have permit status with FEI. According to the American Veterinary Medical Association there are 4,000 equine only vets in the United States with an additional 4,220 veterinarians who service equines and other livestock animals⁶. This represents significant opportunity particularly in the United States where there seems to be a much higher focus on equine medicine in the United States.

Canada's spending on veterinary care and prescriptions costing the average owner \$735 CAD per year with \$138 on non-vet equine dental care, \$437 on farrier care, and \$357 on on-farm horse therapies⁷. While this is the average horse racing could cost substantially more in care as the average racehorse owner spends \$233,536 CAD over the lifetime of a racehorse⁸. In British Columbia there is an increase in veterinary spending for race horses as race horses see an average veterinary spend of \$745 CAD per year and \$566 CAD per year as a veterinary spend on sport horses, Kovo's other main demographic.

It is important to note that in Canada, horse ownership is declining while it rises slowly in the United States. In the United States there are several challenges facing participants with the most significant being unwanted horses and the cost of horse keeping⁹. In Canada, only 19% of horse owners expect to own more horses in five years in 2015 with 19% also intending to own fewer horses in one year as of 2011. The primary factors are horse and human age with many owners reaching retirement age, and price of horse care¹⁰.

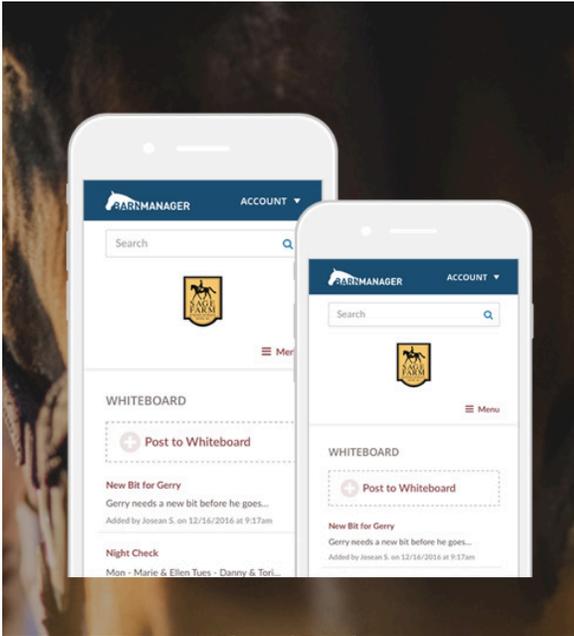
Kovo intends to build its client base through targeting large equine veterinarian centres and farms and is in discussions with significant centres such as Winstar Farms, the home of Triple Crown winner, Justify, and Haygard Equine Medical Institute, a centre in Kentucky that employs over 50 vets, and Rood and Riddle Equine Hospital, another centre in Kentucky with over 50 veterinarians on staff and

treats over 10,000 cases per year. Rood and Riddle's facility can hold up to 150 horses at any given time. The client base will be expanded by adding new team members including account executives to provide specialized attention to these large account holders, with some of these centres serving up to 20,000 horses per year. These major facilities are in Kentucky, where there are over 50,000 thoroughbreds and 240,000 horses, with an industry value of over \$3B USD.

Kovo plans to drive adoption through marketing campaigns. Preliminary testing of this strategy saw a reach of 270,000 users in just 1.5 weeks with click through rates at 10.5 times the expected average for any Facebook campaign. Using Facebook and Google Analytics, Kovo is refining campaign designs as well as removing friction points to adoption. Kovo will use a channel strategy with large distributors such as: Henry Schein Animal Health, Patterson Veterinary, Sound, Heska Corp., etc. In addition, There are also plans to expand to Europe and Latin America for 2019. Peter Bak, CEO, believes that despite a large number of horses to be registered that it is possible. A portion of Axon's recent financing will be going to marketing and sales, which will also represent a significant increase from 2018. A key area of expansion will also be leveraging brand names of farms such as WinStar Farms to entice additional clients.

While there are several factors impacting the horse market including larger economic trends the equine market continues to represent significant GDP contribution and employment contribution in both Canada and the United States. As of the end of 2018 there are 643 users in the system, therefore adding 200,000 horses in 2019 seems like it would be an incredible feat. While the horse market availability is present there will have to be significant sales and marketing personnel retained to make the goal a reality. Most of the clients will be added are intended to be from the United States, which is the largest available market, but there will also be a global market in Latin America, Europe, and Australia.

COMPETITORS



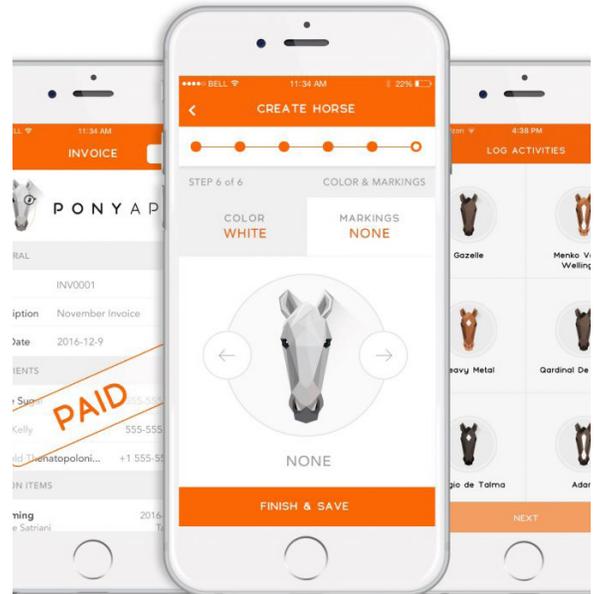
BARN MANAGER

Barn Manager is an app focused on scheduling, recordkeeping and lists. It is available on computers and on mobile apps. Their three main goals are communication, record keeping, and scheduling. The software does accept hand written notes as a record but does not translate into computer readable text. It is primarily designed to schedule lessons and appointments that syncs with iCal and Google Calendar and allows for user conversations. There are customizable permissions for users so that some users can see data, and some can edit or add data, similar in concept to Kovo.

Medically, it can be used to schedule, plan, and track dates for farrier and vet visits and vaccinations. Their primary audience is owners, grooms, managers, and trainers.

Barn Manager's payment scales range from \$33.20 USD per month to \$66.40 USD per month depending on the number of horses the user has, with the lowest subscription accommodating up to ten horses. However, horse rescues and therapeutic riding centres can qualify for free subscriptions.

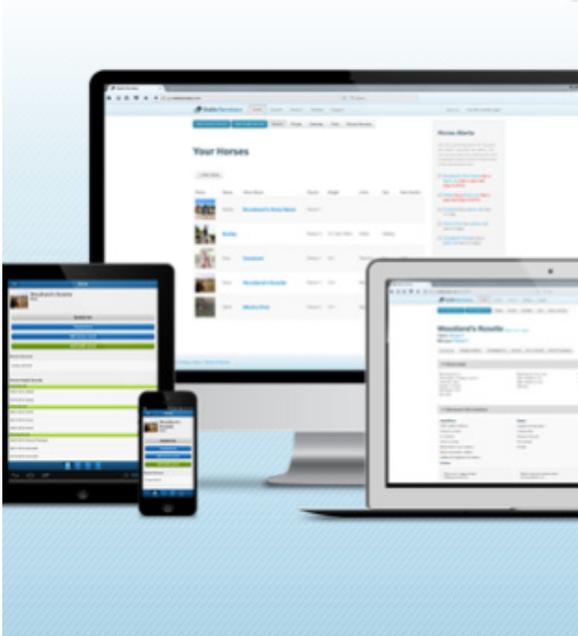
As a next step, Barn Manager will be introducing business management with full accounting access which will be integrated with QuickBooks in order to more easily make and receive payments.



PONY APP

Pony App is a barn management software that allows users to create a visual stable with custom horse profiles. In a horse profile reminders and notes can be added. It is primarily for record keeping and activity tracking for rides, food and other daily activities such as grooming. The primary goal for Pony App appears to be payment where the idea is to connect clients and professionals to more easily facilitate payment and invoicing.

The cost to the user of the application is \$13.49 CAD per month. The App also includes an ability to add existing horses to your "stable" that other users have added for easier communication. The app also features a blog portion of horse-related news. There does not appear to be a feature where photographs and other content besides scheduling and "whiteboard" can be added.



STABLE SECRETARY

Stable Secretary is designed to keep a barn's business and health records. Its concept is to replace day sheets, medication sheets, binders and most other paper recordkeeping in order to be more mobile. Stable secretary does have billing functions and reminders that partners with equestrian payment solutions and quickbooks and credit card payments can be made through the App directly.

Stable Secretary allows to create reports of horses general information such as health, farrier, and breeding activities. This includes competition information.

Interestingly, there is a function where users can send text messages to the app that then get added to the horses record without a need to interact directly with the App.

Pricing depends on the number of horses added ranging from three horses at \$6.95 CAD per month and unlimited horses for \$69.95 CAD per month. There are discounts available to educational institutions and not for profit organizations such as therapeutic riding, rescues, and law enforcement.



HVMS

HVMS is a veterinary practice management tool that does offer PACS and DICOM integration as well as lab integration, field billing, and direct email. HVMS also offers invoicing, accounting, scheduling, and patient worksheets. The software does seem somewhat complicated as they do have a full certification program and courses associated with the App's use.

Interestingly, it is partnered with Cornell University College of Veterinary medicine which allows for the creation of purchase orders. They are also partnered with other inventory suppliers so that items can be easily re-ordered for a practice through the App.

The main goal of HVMS seems to be a practice centric (vs patient centric) approach to integrating partnerships of veterinary suppliers into a single database for ease of use. What is useful about this is that requisitions from labs and diagnostic areas can be requested through the App but it seems to be generally towards a lab or facility like Cornell not necessarily to, for example, a specific farrier.

COMPETITOR SUMMARY

Many of these tools among others could be and will likely remain useful to owners, trainers, veterinarians, and other equine professionals and Kovo cannot totally replace some of the functionality, nor does it intend to. Kovo is not a scheduling software for lessons or competitions but offers a very specific service. The Kovo focus on access to a constellation of care, DICOM imaging, and communication between all individuals involved in a horse's care at a specific medical imaging level is not represented at this point. Kovo does not position itself as a barn management tool or as a practice management tool, therefore, its niche remains in equine medical imaging and healthcare access and communication.

USE AND ADAPTATION SCENARIOS

Below is a breakdown of the number of horses to be registered by Kovo in different success scenarios. When exploring the United States market specifically, Kovo and its adaptation could have reach among its top client base of race horses and sport horses. Kovo has hired a sales team to focus on targeting big clients, such as Rood and Riddle, with over fifty veterinarians addressing over 100,000 cases each year. Kovo is also putting an emphasis on a facebook social media campaign in order to reach horse owners. The conversion to actually hitting "Start now" and registering for is quite low compared to viewership with new mobile registration at thirty-three users of 349,276 impressions between October 1 - 9, 2018.

SHOULD KOVO BE ABLE TO PENETRATE JUST 5% OF THE UNITED STATES RACE HORSE AND SPORT HORSE MARKETS, THEY WILL BE NEAR THEIR 200,000 HORSE REGISTRATION GOAL FOR 2019. THIS IS FURTHER BOLSTERED BY INTENTIONS TO VENTURE TO MARKETS OUTSIDE OF THE UNITED STATES.

United States	5%	15%	25%
RACE HORSES (840,000)			
Number of horses	42,000	126,000	210,000
Revenue	\$2,520,000	\$7,560,000	\$12,600,000
OTHER COMPETITION (2,720,000)			
Number of horses	136,000	408,000	680,000
Revenue	\$8,160,000	\$24,480,000	\$40,800,000

Kentucky	5%	15%	25%
THOROUGHBREDS (50,000)			
Number of horses	2,500	7,500	12,500
Revenue	\$150,000	\$450,000	\$750,000
GENERAL HORSE POPULATION (240,000)			
Number of horses	12,000	36,000	60,000
Revenue	\$720,000	\$2,160,000	\$3,600,000



OWNERSHIP STRUCTURE

THERE ARE THREE MAIN COMPANIES INVOLVED IN AXON AS A WHOLE: AXON MEDICAL TECHNOLOGIES CORP, AXON VETERINARIAN TECHNOLOGIES CORP, AND AXON HEALTHCARE TECHNOLOGIES CORP. THE COMPANY BEING TARGETED FOR INVESTMENT BY BIG DOUGIE CAPITAL CORP. IS AXON VETERINARIAN TECHNOLOGIES.

Axon Medical Technologies Corp. is the owner of all patents and trademarks listed below which it licenses for use to Axon Veterinarian Care Technologies Corp.

The license granted to Axon Veterinarian Care Technologies Corp. includes rights to animal and human healthcares and worldwide rights excluding China. There is some exclusivity granted with quotas to earn more exclusivity. The license is unfettered and gives Axon Veterinarian Care Technologies Corp. freedom to use and modify source code, sell to whom it likes within the markets and territories, price, market and position how it feels fit. The cost of the license is a capped royalty of \$1.2mm for the animal market and \$1.2mm for the human market. The secondary company, Axon Healthcare Technologies Corp. only has rights to the human healthcare market in Hong Kong, Russia, and the Middle East.

Axon Medical Technologies Corp. is owned by jointly by Vantage Business Management Services, of which Peter Bak and Mary MacDonald (Spouse to Peter Bak) each own 50%, and the Estate of Jianguo Zhang who is a founder, and one of the inventors listed in all patents. Zhang passed away in February 2018, and leaves Peter Bak as the sole director of Axon Medical Technologies Corp where he holds the title of Chairman and CEO.

100% of the founding ownership of Axon Healthcare Technologies Corp. are Morning

Sunshine Holdings, another of Peter Bak's companies at 51% and Jianguo Zhang at 49% (which is now transferred to his spouse). Morning Sunshine Holdings, named for Bak's daughter, adopted from China is owned by the Bak Family Trust, with the sole trustees as Peter Bak and Mary MacDonald, consists of 100,000,000 common shares with 49,000,000 of the shares belonging to the Zhang family. Peter Bak is the sole director of Morning Sunshine Holdings. Morning Sunshine Holdings is owned by the Bak Family Trust with the sole trustees as Peter Bak, and his wife, Mary Macdonald. Morning Sunshine Holdings in turn owns Axon Veterinarian Care Technologies Corp. again with the sole director as Peter Bak.

Jianguo Zhang, Peter Bak's business partner, passed away in February 2018, one day prior to the planned launch date of Axon Veterinarian Care Technologies. 49% of the financial benefits to Morning Sunshine Holdings will go to Jianguo's family.

The license granted to Axon Medical Technologies Corp. for intellectual property rights was licensed by Shanghai Tephys Optoelectronics Co. and Jianguo Zhang for perpetual sole and exclusive worldwide rights excluding China. Any further work done on the technology by either Axon Medical Technologies Corp. or Axon Veterinarian Technologies Corp. remains wholly owned by Axon and/or Axon Veterinarian Technologies Corp.



FACING IS THE
ORGANIZATION
CHART FOR THE
AXON GROUP OF
COMPANIES.

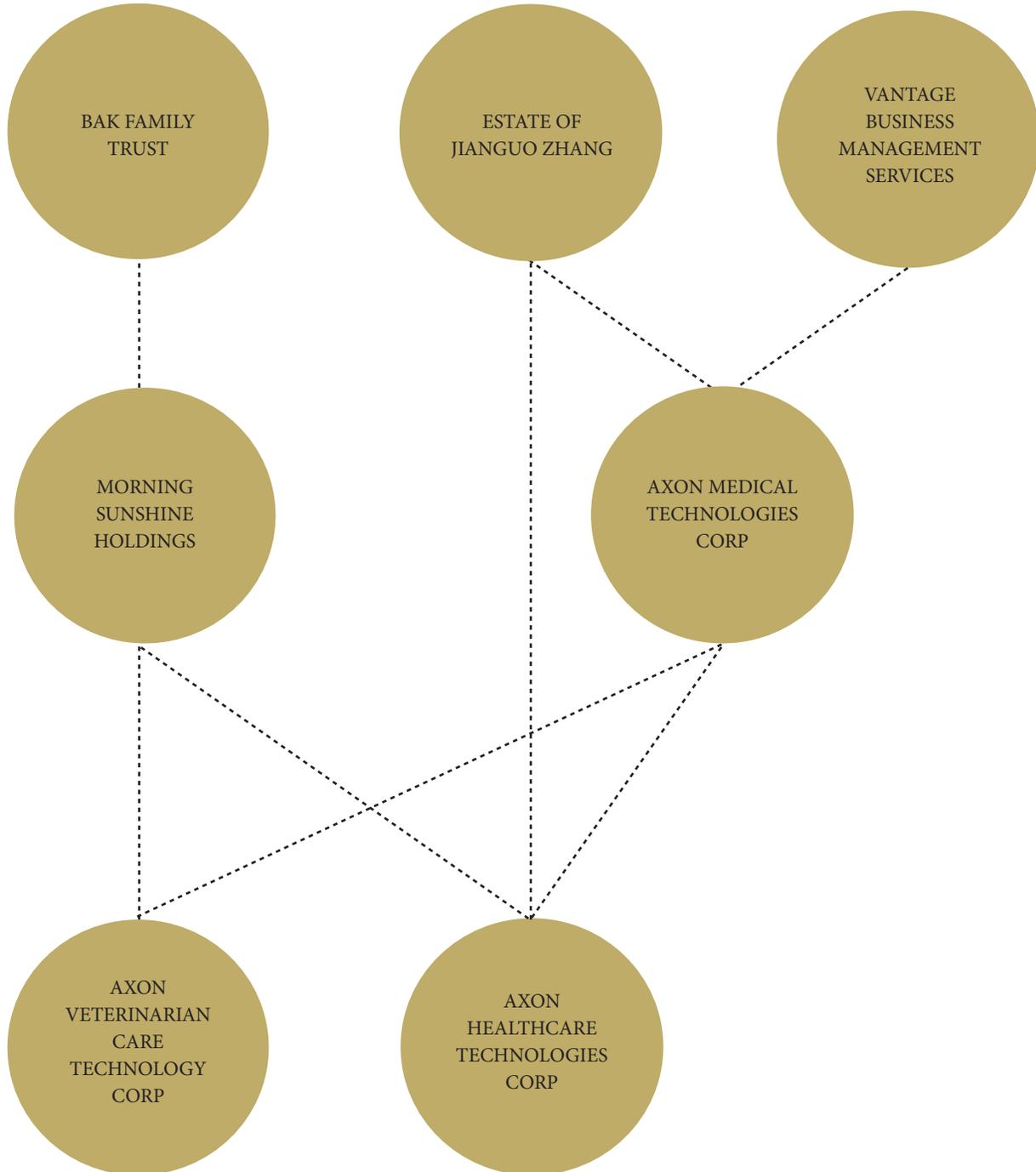
The Bak Family Trust is owned by Peter Bak, Axon CEO, and his wife, Mary MacDonald.

Morning Sunshine Holdings is owned by Peter Bak, with a total of 100,000,000 common shares. 49,000,000 of these shares are held for the estate of Jianguo Zhang.

The Estate of Jianguo Zhang is held at 50,000 common shares.

Vantage Business Management Services also has 50,000 common shares and is owned jointly by Peter Bak, and his wife, Mary MacDonald.

ORGANIZATION CHART



INTELLECTUAL PROPERTY

Axon Medical Technologies Corp. owns a number of patents in multiple jurisdictions. The patents describe two main components, a cooperative grid based medical picture archiving and communication system (PACS) and a medical visual indexing system. The visual indexing system is the invention that details the concept of mapping data onto a specific body part, which has child body parts to easily and readily identify information. The PACS component of the invention is affiliated but in some cases more explicitly describes ease of integration into a hospital setting. A key element of the invention is to read the documents and extract what was said. This is done using clinical semantics and diagnostic dictionaries. It points out to “Findings” that are extracted from free-form unstructured information and guides to whether or not there is a conclusion, if the conclusion is normal the visualized body part is coded green but indicates that a test was done, if there is a finding it is color coded red. This is considered natural language processing and is a critical component of the invention. It is not considered computer aided diagnosis.

Between the patents there is complete overlap in the inventors with Jianguo Zhang, Wenjie Dong, Jianyong Sun, and Weiling Zheng. In Canada the owner and applicants are both Axon Medical Technologies Corp. and filed by Deeth Williams Wall LLP. In China the patent has no mention of Axon Medical Technologies Corp. which instead has the original assignee as Shanghai Institute of Technical Physics, Chinese Academy of Sciences. Axon’s own internal documentation indicates that the Shanghai institute of Technical Physics is the original owner of both the PACS patent and the Visual Index patent. Axon Medical Technologies Corp. has licensed these patents to Axon Veterinarian Care Technologies Corp. states that these rights were assigned worldwide except for China to AxonVCT. The documentation

of the Canadian, U.S., and Worldwide patents state that they take priority over the Chinese patent with no mention of jurisdiction. The Canadian application was applied for in 2011 and considered active since November 2011 and granted May 2013.

Dr. Bak was involved in the invention from the beginning, and the late Jianguo Zhang was a close affiliate of Axon from its inception. Because the Shanghai Institute of Technical Physics is affiliated with the Chinese Government the patented technology can be shared with other government institutions, such as hospitals, though as of yet it has not been truly integrated in any Chinese hospitals though the base technology is beginning to be introduced.



Axon securely owns all trademarks and patents affiliated with the company, and there is no conflict with any other patents.

AXON HAS
MULTIPLE NATIONS
INCLUDING
CANADA, THE U.S.,
AND WORLDWIDE,
AND IS IN THE
PROCESS OF FILING
IN JURISDICTIONS
WHERE IT INTENDS
TO EXPAND.



While the Chinese patent is licensed to Axon Medical Technologies Corp., it is licensed exclusively outside of China. Therefore, no other company that takes the invention outside of China can be licensed however companies within China can possibly be licensed as seen in the examples above, and the patented technology can be shared within government institutions within China.

Axon owns the worldwide patent, which is a holding patent, but allows for Axon Medical Technologies Corp. to take precedence over other similar patents, as well as the Canadian patent which allows it to take priority over Chinese

Patent Application 201110135658 which is a “Visual Indexing System for Medical Information System”. Because the Chinese patent is not listed as granted it there is no competition with the Canadian, U.S., and worldwide patents.

Each patent maintains consistency with inventors and the details of the invention described as a medical index. The language and form used in the patents is nearly identical. Therefore, it can be guaranteed that the ownership of the invention is held by Axon Medical Technologies Corp.

Axon continues to file patents in nations where it intends to operate.

AXON INTELLECTUAL PROPERTY TIMELINE

- 1: 2006, December 27: Cooperative grid based picture archiving and communication system CA2674506C given priority over Chinese Patent that was filed but not granted.
- 2: 2007, July 11: Cooperative Network Based Image and Multimedia Data Communication and Storage System: China No., CN1996847A patent application received.
- 3: 2007, November 2: Cooperative Grid Based Picture Archiving and Communication System US20100235323A1 deemed active.
- 4: 2007, November 2: Cooperative grid based picture archiving and communication system CA2674506C filed.
- 5: 2008, July 3: Cooperative grid based picture archiving and communication system CA2674506C published, WO 2008/077232 A1 is published.
- 6: 2009, June 22: Cooperative grid based picture archiving and communication system CA2674506C considered granted.
- 7: 2010, May 19: Cooperative Network Based Image and Multimedia Data Communication and Storage System: China No., CN1996847A patent granted.
- 8: 2010, September 16: Cooperative Grid Based PACS Patent applied for in United States. (Patent No. US8805890B2).
- 9: 2011, May 24: Visual Indexing System for Medical Diagnostic Data Patent: U.S No. 9129361B2 listed as taking priority over the Chinese patent.
- 10: 2011, May 24: Visual Indexing System for Medical Diagnostic Data Patent: U.S No. 9129361B2 listed as taking priority over the Chinese patent.
- 11: 2011, May 24: Visual Indexing System for Medical Information System Patent: China No. CN102194059A appears.
- 12: 2011, September 21: Visual Indexing System for Medical Information System Patent: China No. CN102194059A is listed as an application.
- 13: 2011, November 28: Visual Indexing System for Medical Diagnostic Data Patent: U.S No. 9129361B2 considered active.
- 14: 2012, November 29: Visual Indexing System for Medical Diagnostic Data Patent: PCT No. WO201215190A1 granted and takes priority over all other patents.
- 15: 2013, May 28: Cooperative Grid Based PACS Patent issued in Canada.
- 16: 2014, August 12: Cooperative Grid Based PACS Patent granted in United States (Patent No. US8805890B2).
- 17: 2014, September 8: AXISS trademark is registered as a cloud based computer services platform in Canada as TMA885380.
- 18: 2015, February 24: ICD Trademark registered with computer services as the primary definition in Canada TMA897241.

- 19: 2015, June 12: Axon logo without words is registered for a trademark in Canada under TMA906258 and has an associated Axon trademark of TMA948418.
- 20: 2015, September 8: Visual Indexing System for Medical Diagnostic Data Patent: U.S. No. 9129361B2 is granted.
- 21: 2015, October 27: United States: 86,422,075 logo design trademark registered.
- 22: 2016, September 6: TMA948418 logo trademark registered in Canada, TMA948419 trademark for Axon's computer services. registered in Canada, TMA948419 trademark for Axon's computer services registered in Canada.
- 23: 2016, September 13: Cooperative Grid Based PACS Patent granted in United States (US9442936) (Related to as an update of U.S. Patent US8805890B2).

Upcoming Patent and Intellectual Property Filings

- Brazil

- India

With further expansion into Latin America and Europe it is likely that Axon will chose to file more patents throughout those regions.

KEY MANAGEMENT PROFILES



KEN ONO

CHIEF TECHNOLOGY OFFICER

Ono has maintained a CTO position at several companies including Blockchain Markets Inc. from September 2017 - September 2018 which specializes in custom blockchain development, at Myrant which is a wearable technology company from March 2015 - April 2016 and has been the CTO and founder at Angoss Software Inc. from January 2000 - October 2007 which specializes in predictive analytics.

Currently, Ono also is the CTO at Fabrica technology, which he also co-founded and has been operating since April 2016. In this role he describes himself as a “CTO For Hire” and

specializes in data mining and IOT solutions.

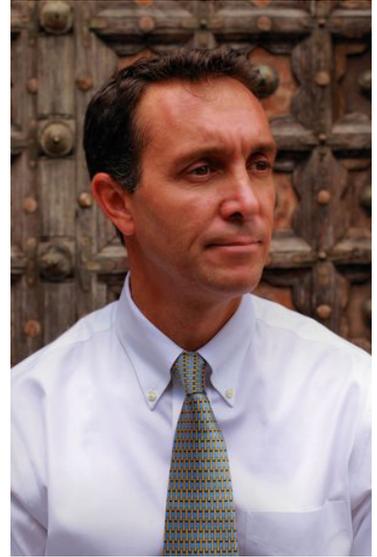
Ono has held other positions in healthcare including as the VP of Innovation and Commercialization at NextJ health from May 2012 - March 2015 where he previously held the role of VP Analytics from November 2007 - May 2012. NextJ is a patient-facing healthcare company that works with population health management for patients with chronic diseases. The platform is intended to allow collaboration between patients and their professional caregivers.

CRAIG ROBERTS

Craig Roberts is a referral level equine veterinarian in Florida with over twenty-five years of experience in the veterinary field with a specialization in equine sports medicine. At Axon he is considered a consultant. He owns his practice, Craig T. Roberts, DMV Inc. which focuses on equine lameness and sports medicine which he has run since 2002. Roberts also works as the president and CEO of Equine Data Acquisition which is another organization dedicated to data sharing for equine athletes. He has won several awards including an Equine Surgery award. He also works with Peterson and Smith equine hospital, one of the largest veterinary clinics in the United States

Equine Data Acquisition is focused on video production with interviews of competitions and additional data packages.

DVM, VP PRODUCT MANAGEMENT AND INNOVATION



NICK HOFFMAN

VP SALES AND BUSINESS DEVELOPMENT



Nick Hoffman assists start-up companies “commercialize advanced imaging and analytical technology into the medical marketplace” per LinkedIn. He often works within executive programs to assist in business development and marketing as well as investment management.

In the past Hoffman has been an associate healthcare consultant with Truenorth consulting and has worked with companies such as MedStowe Inc., providing engineering support, work with the Ontario Brain Institute, the Sound Options Tinnitus Treatments and Movement Disorders Diagnostic Technologies illustrating a long history in the medical technologies development sector.

Hoffman has worked in the medical imaging sector with GE as an MRI product manager

from 1985-1992 and then from 1994 - 1997 for a ten year combined experience working directly with medical imagery at a close-up level.

Hoffman was the president of Osiris Medical Inc. from 1999 - 2008 where he focused on marketing, sales, application support, and service as well as account management. In this role he also worked with suppliers of Ultrasound PACS solutions and optimized workflow.

Hoffman also worked as president of Isis Medical from 2008 - 2013 which is a company that focuses on advanced medical imaging acquisition and display.

Combined, there is a substantial history of involvement in the medical imaging sector working at a variety of levels that give Hoffman an extremely high level of distinction when developing medical imaging business and marketing strategies.

CONCLUSION



In conclusion, Kovo remains a proprietary and unique application in the equine healthcare market. The company has highly ambitious goals for 2019 which, given a recent financing, team expansion, and attraction of key brand names within the equine world, such as Winstar Farms, owner of triple-crown winner Justify, they believe are feasible.

The team's high level expertise dealing with medical imaging and emerging technologies place it in a uniquely advantageous position to continue to work and develop the exciting technology surrounding Axon and Kovo, and to eventually bring Axon into new human healthcare markets.

One of Kovo's key points is the team's willingness to work closely with its valued clients. There are multiple streams of use that have been, and are in, development that have been constructed

collaboratively with veterinarians, breeding farms, and users. It is the client focused nature of Kovo that sets it at the forefront for ease of adaptability by a new industry.

While there are barn management and veterinary practice management tools Kovo remains a differentiated piece of software because of its focus on collaboration, data amalgamation, and ease of use for those associated with the equine industry from veterinarians, farriers, trainers, and owners. It does not seek to manage appointments, inventory, or at this time, handle billing. Kovo focuses on a specialization of capturing and sharing medical imaging data and the democratization of high level medical imaging documents for all stakeholders.

At the centre of Kovo remains Peter Bak. His vision for Humber River Hospital's digitization project led to the creation of Canada's

first fully digital hospital, which continues to improve patient care for Canadians. His work with Canada Health Infoway that also seeks the democratization of information to increase collaboration between healthcare professionals for Canadian humans shows a strong commitment to innovation, forward thinking, and continues to put patient care at the forefront. The emphasis on patient care is a cornerstone of Bak's career and remains a driving force behind Kovo.

The focus on patient care, the expertise of the team, and the readiness to address and adapt to the equine health market are indicators that Kovo is likely to succeed in its future endeavors, including expanding into Latin America and Europe in 2019.

While it will be important for investors to continue to monitor Kovo's progress with client acquisition and product customization it will be certainly an interesting year for this healthcare start-up.



COLLABORATION
TRANSPARENCY
DEMOCRATIZATION

SOURCES

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1. Becoming a digital hospital—an interview with Peter Bak, CIO at Humber River Hospital: <https://www.youtube.com/watch?v=dPOSHG1ihGs>
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