INNOVOTECH INC.
Management's Discussion and Analysis of Financial Conditions
And Results of Operations for the Three- and Twelve-Month Periods Ended December 31, 2019
(as of April 28, 2020)

The following Management Discussion and Analysis (MD&A) of results of operations and financial position as at December 31, 2019 should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year ended December 31, 2019 and the related notes thereto. This MD&A is provided by management using information available up to April 28, 2020.

Management is responsible for the information contained in the MD&A and its consistency with information presented, reviewed, and approved by the Audit Committee and Board of Directors. Additional information pertaining to the Company can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) web site at **www.sedar.com,** or at **www.innovotech.ca.**

This MD&A and other materials filed with the Canadian securities regulators contain forward-looking statements that are subject to risks and uncertainties that cannot be predicted or quantified; actual results may differ materially from past results and those expressed or implied by any forward-looking statements.

Forward-looking statements may include words such as "expects", "plans", "will", "believes", "estimates", "intends", "may", and other words of similar meaning and may relate to future financial performance, business strategies, or safety and efficacy of unapproved products. Such forward looking statements are subject to risks, uncertainties, and other factors many of which are beyond the control of Innovotech.

Factors that could cause or contribute to such risks or uncertainties include, but are not limited to the regulatory environment including the difficulty of predicting regulatory outcomes; changes in the value of the Canadian dollar; the Company's reliance on a small number of customers including government organizations; the demand for new products and the impact of competitive products, service and pricing; availability and cost of raw materials; fluctuations in operating results; government policies or actions; progress and cost of clinical trials; reliance on key strategic relationships; uncertainty related to intellectual property protection and potential costs associated with its defense; the Company's exposure to lawsuits and other matters beyond the control of management; the impact of the adoption of new accounting standards on Company's financial results.

Scientific information that relates to unapproved products or unapproved uses of products is preliminary and investigative. No conclusions can or should be drawn regarding the safety or effectiveness of such products. Only regulatory authorities can determine whether products are safe and effective for the uses being investigated.

The cautionary statements referred to above should be considered in connection with all written or oral statements, especially forward-looking statements that are made by the Company or by persons acting on its behalf and in conjunction with its periodic filings with Securities Commissions, including those contained in the Company's news releases.

Should known risks or unknown risks or uncertainties materialize, or should management's assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly make or update any forward-looking statements, except as required by applicable law.

OVERVIEW OF THE BUSINESS

Innovotech was incorporated in 2001 under the Alberta Business Corporations Act. The Company was listed on the TSX Venture Exchange in 2003. Since that time, the Company has become a leader in the field of contract research in connection with the susceptibility of coated medical devices to microbial biofilm formations. Innovotech occupies offices and laboratories in Edmonton, Alberta, Canada.

The Company conducts contract research and makes and sells globally the MBEC Assay® Kit, a high throughput biofilm growth device approved as an ASTM International Standard test kit used to test anti-biofilm product claims.

Innovotech has developed and patented an anti-biofilm silver periodate compound for wound care and medical device coatings called InnovoSIL™-1, a silver-based antimicrobial that has the unique feature that it is not rapidly inactivated by chloride (salts) that is present in all body tissues.

BUSINESS STRATEGY AND MARKETING

The Company has two businesses, contract research and the production and sale of the MBEC Assay® Kit. In its contract research business, the Company is a leader in a niche market related to testing and qualifying medical devices such as implants and other products for their susceptibility to, or resistance to the formation of microbial biofilms. The Company has methodologies, equipment, and long experience that it believes give it certain proprietary advantages and efficiencies. Most recently, in 2019, Innovotech designed and built a novel device that accelerates and improves the quality of testing of catheters and stents for susceptibility to or resistance to microbial biofilm formation.

The Company pursues new accounts in its contract research business on a direct contact basis. We have determined over time that maintaining an active profile that is connective to the finite number of clients available to us is the most effective and useful approach to marketing our services. We use direct e-mail and telephone communication supported by personal visits to maintain and expand our clientele.

Innovotech's manufacture and sale of the MBEC Assay® Kits also keeps the Company's name in the forefront of research and medical device testing of microbial biofilms on a global basis. The consistent and growing revenues from sale of the Kits help to mitigate the volatility inherent in contract research services. The Company believes that the association of the Kit with its contract research services is contributory to its contract research marketing efforts.

Also contributing to industry awareness of Innovotech's research capabilities is the publishing of Open Access research papers authored by Innovotech's staff either alone or in partnership with other science-based organizations. Such papers contribute to the general knowledge base of the microbiology universe. The links to these papers are available on the company's website, www.innovotech.ca.

The Company continues to speak with medical device companies to interest them in evaluating the anti-microbial biofilm properties of our InnovoSIL™ compounds to advance those products toward commercial application. Third-party testing of our InnovoSIL™-1 products continues (see product discussion below in that regard and in regard to a recent patent issued).

Strategically, the Company continues to explore other business lines and to look for merger or acquisition opportunities to diversify its business activities, provide increased revenues, and extend its reach. This strategy is supported by our $7.5 million (Dec. 31, 2019) of long-term tax pools available to reduce future net income for tax purposes.

OVERALL PERFORMANCE, 2019 FISCAL YEAR

Innovotech increased revenues by 19.3% over the 2018 year as revenues from contract research and sales of our MBEC Assay® Kit both rose in 2019. The Company's work to control costs and focus on revenues continues. The ISO 17025 accreditation obtained in 2018 supported these efforts as did increased client contact and, late in the year, innovative devices and procedures introduced by the Company. These things led to improved revenue performance in 2019.

During the year the Company designed, developed and built The BEST*plus* Assay™, which is a high throughput *in vitro* platform that allows for easy access to every lumen (the inside space) of a catheter or stent for preconditioning, rinse, microbial challenge and microbial recovery while allowing for simultaneous procedures to the extraluminal space (the outside space) thus testing both surfaces (see "Recent developments" below for a full description).

FINANCIAL RESULTS OF OPERATIONS

Revenue & gross profit

	2019	**2018**
Contract research fees	693,612	579,472
Product sales	292,613	247,463
Gross revenue	986,225	826,935
Cost of sales	291,112	220,614
Gross profit	**695,113**	**606,321**

Operating expenses & net income (loss)

	2019	**2018**
General and administrative expenses (G&A)	714,450	696,447
Bad debt expense	22,873	-
Sales and marketing	3,723	1,035
Research & development (R&D)	23,421	39,129
Grants	(26,593)	-
Scientific research tax credits	-	(3,303)
Total operating expenses	737,874	733,308
Net interest expense	6,000	647
Net income (loss) for the year	**(48,761)**	**(127,634)**

The increase in G&A expenses is largely explained by an increase of $13,782 in share-based payments to $53,378. The R&D component is related to minor work on InnovoSIL™-1. The grant was provided in connection with work to develop the new BEST*plus* Assay™.

EBITDAS

EBITDAS, or earnings before interest, taxes, depreciation, amortization, and stock-based compensation, is not a Generally Accepted Accounting Principle; but it is a useful measure of comparative operational performance over quarterly and annual time periods. The positive EBITDAS generated in the 2019 year compares favorably against the negative EBITDAS recorded in 2018. This is primarily a consequence of higher revenues and close attention to costs.

	2019	**2018**
Net income (loss)	(48,761)	(127,634)
Depreciation and amortization	13,285	15,368
Loss on disposal of equipment	-	1,297
Interest	6,000	650
Stock-based compensation	53,378	39,595
	23,902	**(70,724)**

ASSETS, LIABILITIES & SHAREHOLDER'S EQUITY

	2019	2018
Current assets	224,825	211,425
Equipment & other	50,057	60,905
Total assets	274,882	272,330
Current liabilities	76,795	178,860
Long-term liabilities	100,000	-
Total liabilities	176,795	178,860
Shareholder's equity	**98,087**	**93,470**

LIQUIDITY & CAPITAL RESOURCES

Innovotech has a history of frequent quarterly and annual losses caused by high levels of expensed R&D costs. The Company has, in the past, funded its operations primarily from equity financing, shareholder loans and government grants and loans. The Company is working to change this. As of December 31, 2019, the Company had cash and cash equivalents of $96,671 versus $28,808 at December 31, 2018, and a working capital of $148,030 versus $32,565 at December 31, 2018. The improvement in working capital is related to the positive operating cash flow achieved in the 2019 year of $17,902 and on account of the July 15, 2019, change in term to maturity of the 6% shareholder loan in the amount of $100,000, which now matures on July 15, 2022 and thereby has become a long-term liability.

FINANCIAL RESULTS FOR THE 3 MONTHS ENDED DECEMBER 31, 2019

	2019	2018
Gross revenue	228,706	199,615
Cost of sales	62,193	57,937
Gross profit	166,513	141,678
Expenses	209,425	109,833
Interest paid	1,500	-
Net Income (loss)	**(44,412)**	**31,845**

Gross revenue improved over the prior year by 15%, resulting in gross profits rising by 18%. Net income turned from a profit of $31,845 in the prior year 4th quarter to a loss of $44,412, primarily due to stock-based compensation expense of $47,607 in the current quarter. The 2018 4th quarter included a gain on debt forgiveness of $49,599.

OUTLOOK

Innovotech's focus on increasing revenues has run squarely into the COVID-19 pandemic and that event has negatively affected our ability to accelerate that revenue program as we had planned. The Company, however, continues to find ways to access new business, finance its growth, and market its new products and competencies to the health industry as noted below. Nonetheless, we expect first quarter revenues to be negatively affected by the fact that our larger customers were quiet with their supply chains disrupted, and with many of their employees not in their labs. The same was true for universities who are clients of our MBEC Assay Kits. We have seen some Q1 contract research contracts slip over into Q2. We expect the remainder of 2020 to see a gradual return to normalcy based on signed contract research protocols ahead and the good level of discussions with clients on possible contract research work. So, while our increased marketing efforts remain on hold during this period of lockdown, we do intend to pursue them and remain cautiously optimistic for the balance of the year.

RECENT DEVELOPMENTS SUBSEQUENT TO 2019 YEAREND

Innovotech has remained fully operational during the COVID-19 pandemic under appropriate social distancing and disinfectant protocols in its office and laboratory procedures.

The Company filed for a patent on its BEST*plus* Assay™ invention. U.S. Provisional Patent Application No. 62/977,953 was filed on Feb 18th, 2020. We believe that this device significantly enhances our competitive position in our industry. An abstract on the applications of the device follows:

Implanted medical devices are associated with a high rate of nosocomial infections, which, in most cases, develop into chronic infections. Microorganisms from the surrounding environment, the patient's skin, catheter intraluminal contamination, or haematogenous seeding, adhere and colonise these devices, eventually forming biofilm. There is no single *in vitro* testing method that fits all medical devices since they are so diverse and have so many applications and specific clinical uses. Therefore, there is an ongoing need to develop and refine *in vitro* testing assays to improve their clinical relevance for each particular device. Using methods that allow for bridging between *in vitro* testing and animal studies is

important, practical, and economical for the medical device manufacturer. Such positive and representative outcomes give more confidence in the device and its performance in future clinical settings and reduce the amount of *in vivo* testing required. The BEST Assay™ (Biofilm Eradication Surface Testing), developed by Innovotech Inc., provides a clinically relevant high throughput platform for testing the extraluminal surfaces of implanted medical devices without the undesirable exposure of uncoated sections to microbial challenge. However, the clinical uses of catheters, stents or tubes involve fluid exposure to both the intraluminal and extraluminal surfaces simultaneously. This impacts the hydration level of the polymer of which the device is made, which can affect the elution profile of the impregnated or coated antimicrobial compound(s). This could change, for better or worse, the antimicrobial performance of the device relative to what is measured in the BEST Assay™, especially for assays in which devices are preconditioned for relatively long periods of time prior to microbial challenge. To address this concern, the BEST*plus* Assay™ has been developed. The BEST*plus* Assay™ is a high throughput *in vitro* platform that allows for easy access to every lumen of a catheter or stent for preconditioning, rinse, microbial challenge, and microbial recovery while allowing for simultaneous procedures on the extraluminal space. The configuration allows for the use of one single catheter to create, for example, a triplicate set for data analysis by using multiple lock mechanisms around the looped device. Not only is this assay clinically more relevant, but it is also more economical as it requires fewer samples to run antimicrobial validation testing for both surfaces as well as reduced labour hours.

Subsequent to yearend, the Company acquired, installed and calibrated a new autoclave for its laboratory and upgraded its computer systems. In March we determined that our ability to sterilize items had an application in regard to swabs used to test for COVID-19 and by April, we were actively engaged in swab sterilization activity on behalf of laboratories, hospitals and medical centres in the Edmonton area and expect to continue doing so for the remainder of the 2020 year and perhaps beyond.

In March, we accessed the Canada Emergency Business Account in the amount of a $40,000 repayable loan to be used for non-deferrable operating expenses. Also, in response to the pandemic, we were pleased to receive a four-month 50% rent reduction by our landlord, the City of Edmonton, a 4-month moratorium on interest payable on our $100,000 shareholder loan and our President has declined to accept his fees otherwise payable for the three months comprising the 2nd quarter. All of the above is in response to the impact of the COVID–19 pandemic and will contribute to our navigating through it.

SUMMARY OF QUARTERLY RESULTS

	Q4 2019	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Gross revenue	228,706	248,884	286,614	222,021	199,615	216,536	194,988	215,796
Cost of Sales	62,193	71,338	88,491	69,090	57,937	44,332	53,933	64,412
Gross profit	166,513	177,546	198,123	152,931	141,678	172,204	141,055	151,384
Expenses	210,925	160,847	203,154	167,449	109,833	188,987	207,225	193,782
Net income (loss)	**(44,412)**	**15,200**	**(5,031)**	**(14,518)**	**31,845**	**(16,783)**	**(66,170)**	**(42,398)**
Net income (loss) per share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

ABOUT INNOVOSIL AND AGREGUARD PRODUCTS

Innovotech has financed and completed intensive R&D on the development and application of silver/iodide compounds over the past several years. In terms of the anti-microbial properties of the resulting products, the work has been successful.

InnovoSIL™-1 is a silver based antimicrobial compound that has the unique feature that the silver component is not rapidly inactivated by chloride (salt) that is present in all body tissues.

In 2017 Innovotech was issued US patent #9723843 covering the InnovoSIL™ family of Silver (1) Periodate Compounds Having Broad Anti-Microbial Properties, including InnovoSIL™-1 and AgreGuard™. The patent claims the ability to prevent, reduce, and treat microbial growth or contamination and describes treatment of infection in humans, pets, and livestock, disinfection of surfaces, and anti-biofilm as well as anti-planktonic (free floating) activity.

On Oct. 8, 2019, the Company received U.S. patent No. 10,434,210 for antimicrobial silver iodates in gels functional for slow release in surface coatings of medical implant devices or direct application to wounds (although InnovoSIL™ does not presently have FDA or Health Canada approval for either application).

InnovoSIL-1, AgreGuard-1 and related silver compounds covered by the above patents are broadly effective against bacterial and fungal biofilms associated with human, animal, and plant infections, and eliminate infections via multiple mechanisms of action, making it difficult for microbial resistance to develop.

CONTRACTUAL OBLIGATIONS

Innovotech records long-term debt on its balance sheet in the amount of a note for $100,000, comprising the full amount of a debenture provided by a shareholder. The note bears interest at 6% per annum paid monthly, is unsecured, and may be repaid in whole or in part at any time prior to its maturity on July 15, 2022. There are no other material contractual obligations or off-balance sheet arrangements.

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A, there are 36,239,612 issued shares out of an unlimited number of Class A voting shares. There are as of the date of this MD&A, incentive stock options outstanding in the amount of 2,105,000 optioned shares.

GEOGRAPHIC SALES INFORMATION

	2019 ($)	2018 ($)
Canada	90,535	46,366
United States	709,817	624,194
Rest of World	185,873	156,375
	986,225	826,935

RISK MANAGEMENT

Innovotech recognizes currency risk, credit risk and liquidity risk as primary risks.

Innovotech's objectives when managing capital are to ensure its ability to continue as a going concern. The Company attempts to maximize return to shareholders by minimizing shareholder dilution in a manner consistent with maintaining adequate working capital, equipment, and facilities with which to conduct its operations.

Currency risk:

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's reporting currency is the Canadian dollar and it incurs costs primarily in that currency. It realizes its revenues primarily in US dollars. A rising Canadian dollar in US dollar terms would lead to a decrease in the Company's revenue all other things being equal. The Company does not use derivative instruments to hedge its exposure to foreign currency risk.

Credit risk:

The Company is exposed to credit risk through its cash and accounts receivable.

The Company's principal credit risk is the risk that a counterparty will fail to discharge its financial obligation in payment for the Company's services. The Company endeavors to mitigate credit risk to ½ its contract research revenues as it requires that 50% of the estimated cost of its contracts be paid prior to beginning work on a contract. We do not insure our credit risks.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

We manage accounts payable against accounts receivable and carry a balance of cash to accommodate that. Innovotech's planned 2020 operational expenditures do not exceed its committed sources of funds and are manageable against the Company's expected revenues. As at December 31, 2019, our current assets were $224,825, and our current liabilities were $76,795. Nonetheless, there exists a level of doubt associated with the Company's ability to continue as a going concern as note 1 to the December 31 audited financial statements discloses.

RELATED PARTY TRANSACTIONS

Certain services were provided to the Company by the following directors in the normal course of operations and were measured at the amount of consideration established and agreed by the related parties.

Director	Relationship	Transaction	2019	2018

			$	$
Bruce Hirsche Parlee McLaws LLP	Corporate Secretary and Legal Counsel	Professional fees	-	4,196
David Tam Parlee McLaws	Corporate Secretary and Legal Counsel	Professional fees	33,932	21,279
Bernard Grobbelaar Oikonomos CPA's	Accountant	Professional fees	55,850	68,290
Dr. James Timourian	Chief Executive Officer, President	Professional fees	18,000	18,000
Alan Savage	Chief Financial Officer	Interest expense	6,000	650

As at December 31, 2019, $631 (2018 - $13,517) remained outstanding and is included in the accounts payable.

Compensation of key management

Key management includes the Company's directors and officers. Compensation included:

	2019 $	2018 $
Salaries and short-term employee benefits	135,706	135,414
Share-based payments	38,844	39,505
	174,550	175,009

CHANGES IN ACCOUNTING POLICIES

The Company has adopted IFRS 16 Leases ("IFRS 16") as of January 1, 2019. IFRS 16 requires lessees to recognize most leases on the balance sheet to reflect the right to use an asset for a period of time and the associated liability for payments. The Company has adopted IFRS 16 using the modified retrospective method, under which the cumulative effect of the initial application is recognized in deficit at January 1, 2019.

On transition to IFRS 16, the Company has elected to not recognize right of use assets and lease liabilities that have lease terms which end within 12 months of the date of initial application and leases of low-value assets.

The adoption of IFRS 16 resulted in no impact to deficit or statement of financial position on January 1, 2019.

SIGNIFICANT ESTIMATES & CRITICAL JUDGEMENTS

The preparation of interim financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

Non-financial assets, including equipment are reviewed for indicators of impairment at each reporting date. Where impairment indicators are identified, the Company uses discounted cash flow models to determine the recoverable amount of the assets, which drives the conclusion of whether the impairment exists, and if it does, the amount of impairment to record. These models require assumptions to be formulated about future cash flows, margins, and discount rates, which are made using careful judgment, but are nonetheless subject to estimation risk.

Determining the fair value of stock options and warrants requires judgment related to the choice of a pricing model, the estimation of expected stock price volatility, and the expected term of the instrument. Any changes in the estimates utilized to determine fair value could result in a significant change in the amount of share-based compensation charged to operations.

The significant accounting policies that are most critical in fully understanding and evaluating the reported results in this MD&A are included in notes 1 to 3 to the Company's Annual Financial Statements as of December 31, 2019.

End