

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Condition and Results of Operations for the Three and Twelve -months Ended December 31st, 2021 (as of April 26th, 2022)

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 the 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.

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The following Management Discussion and Analysis (MD&A) of results of operations and financial position as of December 31st, 2021, should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year ended December 31, 2021, and the related notes thereto.

This MD&A is provided by management using information available up to April 26th, 2021. 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.

OVERVIEW OF THE BUSINESS

Innovotech Inc., was incorporated in 2001 under the Business Corporations Act of Alberta. The activities of the Company are sales of its products, contract research conducted for outside clients and research and development to identify future products. The Company owns, sells, and uses proprietary assay kits used in growing microbial biofilms for research purposes. The Company's intellectual property includes a family of silver periodate antimicrobial compounds (InnovoSIL™) for medical applications, and a right to acquire a linked molecule to be tested for effective subdermal antioxidant delivery. The Company is a public company listed on the TSX Venture Exchange under the trading symbol IOT. Its registered office and laboratories are in Edmonton, Alberta, Canada.

BUSINESS STRATEGY AND MARKETING

The Company has two primary businesses: contract research, and 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. Innovotech has methodologies, equipment, and twenty years of experience that give it certain proprietary advantages and efficiencies. Innovotech is accredited by CALA (Canadian Association for Laboratory Accreditation Inc.) to ISO/IEC 17025 (testing accreditation number A4146 for Enumerating Bacteria – Solids and Enumerating Bacteria – Liquid). The Company designs and builds devices tailored to testing client-specific types of medical devices.

Innovotech manufactures and sells the MBEC Assay® Kit, a sort of Petri Dish for biofilms, which keeps its name in the forefront of research and medical device testing in regard to microbial biofilms as outlined above. The consistent revenues from global sales of the Kits help mitigate the volatility inherent in our contract research business. The association of the Kit with its contract research services contributes effectively to Innovotech's contract research marketing efforts. The Company applies proprietary coatings on Kits tailored to laboratory testing requirements.

The Company has pursued new contract research business by direct contact using e-mail and telephone communication supported by personal visits and conference attendances (paused during Covid-19) to maintain and expand our clientele. Rising revenues in 2019 through 2021 indicate that this approach has been effective. Contributing to industry awareness of Innovotech's research capabilities is our publishing from time-to-time of Open Access research papers authored by Innovotech's staff either alone or in partnership with other science-based organizations.

Innovotech has resumed research and development for its own account. The Company is working on a patented procedure to link two well-known anti-oxidants for better subdermal delivery in application of creams formulated for skin care and intends furthering its work with silver as an anti-bacterial agent.

Innovotech is alert for participation in other related business activities and continues to look for opportunities to diversify its business, extend its reach and increase its revenues. This strategy is supported by the Company's December 31st, 2021, long-term tax pools of \$7,262,000 which are available to reduce future net income for tax purposes.

2021 EVENTS

On February 19th, Innovotech announced an earn-in agreement which enables it to earn a 60% interest in Nou Life Sciences Inc in return for funding \$100,000 of R&D in connection with Nou Life's patent to link two well-known antioxidants to achieve deeper subdermal penetration in the application of skin creams (see About Nou Life, below).

On February 23rd, the Company announced the acquisition of a \$150,000 CanBiocin Inc 8% convertible debenture paid for by the issuance of 625,000 Innovotech treasury shares at a deemed value of \$0.24 each.

In April, following the Company's often weak first quarter, Innovotech's long-time Chief Operating Officer left the Company to return home to Jordan. The Company was able to turn to its laboratory manager of five years, Dr. Tyler Boone, who effectively stepped up to the COO position overseeing and managing the Company's often strong second quarter that in 2021 produced record quarterly revenue and profitability.

Given the higher level of business the Company obtained additional lab space (400 sq. ft.), added three microbiologists, and bought additional equipment (\$60,140) with which to ensure its ability to meet current and future business projections.

In August, the Company promoted Dr. Patricia Nadworny to Chief Scientific Officer (CSO). As a result of the above two appointments, Innovotech now has a committed and experienced executive team fully familiar with our multiple operating procedures working with more laboratory space equipped with new and upgraded facilities enabling the Company to handle a larger volume of contract research (see Officer Appointments, below).

In December, Innovotech repaid the remaining \$20,000 balance of the non-interest-bearing CEBA advance from the federal government and therefore has no formal debt obligations on its balance sheet.

During the year the Company enhanced our banking arrangements, improved invoice payment procedures, improved yield on surplus cash, revisited Innovotech's SR&ED tax credit application procedures, and began work to improve foreign exchange trading procedures, the latter of which was completed subsequent to year end.

OVERALL PERFORMANCE IN THE FISCAL YEAR TO DECEMBER 31st, 2021

Innovotech's 2021 operating revenue exceeded the 20% year-over-year revenue increases achieved in each of the 2019 and 2020 fiscal years. The 24% increase in 2021 operating revenue provided a net operating profit of \$281,135. This profit from operations was augmented by an increase in the fair market value (FMV) of the \$150,000 CanBiocin Inc convertible debenture (about which more below) of \$85,995 leading to a 245% increase in net income to \$367,130. This result combined with the issuance of 625,000 Innovotech common shares paid to acquire the CanBiocin debenture in February 2021, led to an 82% increase in shareholders' equity to \$1,176,930 on December 31, 2021.

3 MONTH PERFORMANCE TO DECEMBER 31st, 2021 (Q4)

SUMMARY OF RESULTS:

Operating revenue of \$456,218 increased 19.5% over prior year Q4 revenue of \$381,615 and generated a 75% gross profit margin after deducting \$108,163 of cost of goods sold. Revenue from contract research increased 29% to \$380,069 while MBEC Assay plate sales revenue decreased by 12% to \$68,097. Interest income rose to \$5,665 versus interest income of \$500 in the 2020 year. As above, the effect of the increase in FMV of the CanBiocin Inc debenture was to add \$85,995 to net profit for the quarter.

The decrease in Q4 general and administrative expenses of \$228,100 vs. 270,333 reflects reduced legal costs of \$12,914 vs. \$35,204 and lower stock-based compensation expenses of \$46,072 vs. \$61,652 vs. the prior year period. These lower costs were achieved despite the cost of additional laboratory space, and an increased employee count over that of the prior year.

The combination of higher revenues, monitored costs, and the increase in FMV of the CanBiocin convertible debenture of \$85,995 provided for a net profit in Q4 of \$202,677 vs. \$6,423 in Q4 of 2020.

3 MONTH FINANCIAL RESULTS OF OPERATIONS TO DECEMBER 31ST, 2021 (Q4)

REVENUE & GROSS PROFIT

Period	Q4 2021	Q4 2020
Contract research fees	380,069	293,892
Product sales	68,097	79,037
Other revenue	8,053	8,686
Gross revenue	456,218	381,615
Cost of sales	108,163	102,883
Gross profit	348,055	278,732

OPERATING EXPENSES & NET INCOME

Period	Q4 2021	Q4 2020
General & administrative	228,100	270,333
Sales & marketing	2,060	275
Research & development (R&D)	2,495	11,201
Grants	-	(10,000)
Operating expenses	232,655	271,809
Interest (expense)	(4,383)	-
Interest income	5,665	500
Gain on fair value adj. to convertible deb.	85,995	-
Net income	202,677	6,423

TWELVE-MONTH PERFORMANCE TO DECEMBER 31ST, 2021

SUMMARY OF RESULTS:

Innovotech has maintained its annual operating revenue growth rate at >20% per annum for the third year running. Revenues for fiscal 2021 increased by 23% to \$1,481,767, an increase of \$288,381 over revenue of \$1,193,382 in the prior year. Contract research revenues increased by 22% while MBEC Assay plate sales grew by 30% over the prior year.

Further, we have recorded an increase of \$85,995 in the FMV of the 120,000 shares into which our investment in a CanBiocin Inc 8% \$150,000 debenture is convertible (see Events Subsequent to Dec. 31st, below). The increase in the FMV is driven by CanBiocin having recorded a 300% revenue increase in its profitable fiscal year to December 31, 2021, and by CanBiocin having completed a yearend financing at \$1.75 per CanBiocin share (see About CanBiocin, below).

The Company's G & A expenses were held to an increase of 7%. Expenses benefited from reduced legal costs of \$29,004 vs. \$54,175 and a decrease in stock-based compensation expenses of \$15,581. The 2021 net profit of \$367,130 was driven by a 24% revenue increase and an increase of \$85,995 in FMV of the 120,000 shares underlying the CanBiocin debenture to \$1.75 from \$1.25 at the time of purchase.

TWELVE-MONTH FINANCIAL RESULTS OF OPERATIONS TO DECEMBER 31ST, 2021

REVENUE & GROSS PROFIT

Period	12 MO. 2021	12 MO. 2020
Contract research fees	1,129,261	928,862
Product sales	319,905	247,002
Other revenue	32,601	17,518
Gross revenue	1,481,767	1,193,382
Cost of sales	363,153	326,508
Gross profit	1,118,614	866,874

OPERATING EXPENSES & NET INCOME

Period	12 MO. 2021	12 MO. 2020
General & administrative	813,714	760,262
Sales & marketing	2,060	275
Research & development	34,888	47,960
Grants	-	(40,940)
Operating expenses	850,662	767,557
Interest (expense)	(4,383)	(3,000)
Interest income	17,566	-
Gain on fair value adjustment of convertible deb.	85,995	-
Term loan forgiveness	-	(10,000)
Net income	367,130	106,317

EBITDAS

EBITDAS, or earnings before interest, taxes, depreciation, amortization, and stock-based compensation, is not a Generally Accepted Accounting Principle (GAAP); but it is a useful measure of comparative operational performance over quarterly and annual time periods.

In Innovotech's case, EBITDAS and cash flow (also not a GAAP term) are virtually the same thing on account of having no debt on which interest is paid and being able to access prior year's losses to reduce net income for tax purposes.

Period	12 MO. 2021	12 MO. 2020
Net income	367,130	106,317
Depreciation and amortization	70,895	17,937
Loss on disposal of equipment	-	92
Interest expense (income)	4,383	3,000
Interest income	(7,852)	-
Share-based compensation	46,072	61,652
Gain on fair value adjustment of convertible deb.	(85,995)	-
Term loan forgiveness	-	(10,000)
EBITDAS	394,633	178,998

ASSETS, LIABILITIES & SHAREHOLDERS' EQUITY

The Company continues to strengthen its balance sheet. Working capital increased to \$774,521 from \$595,263. Accounts receivable rose to \$368,931 from \$143,514 in the prior year due to an increased volume of business. Current liabilities increased to \$219,009 due to the inclusion of \$85,203 of lease liabilities in current liabilities and deferred revenue of \$28,565. We acquired new equipment at a cost of \$60,140. Shareholders' equity increased with the acquisition of the CanBiocin 8% convertible debenture in that the \$150,000 cost of the debenture was paid by issuance of 625,000 Innovotech treasury shares at a deemed value of \$0.24. In Q4 Innovotech repaid the \$20,000 balance of the CEBA federal government loan. The Company is now without contracted liabilities with the exception of its right-of-use lease liabilities. Shareholders' equity increased to \$1,176,930 from \$644,978 in the prior year.

Period	Dec. 31 st , 2021	Dec. 31 st , 2020
Current assets	993,530	752,725
Property & Equipment	229,443	69,715
Investments	210,000	-
Total assets	1,432,973	822,440
Current liabilities	219,009	157,462
Lease liability	37,034	20,000
Total liabilities	256,043	177,462
Shareholder's equity	1,176,930	644,978

LIQUIDITY & CAPITAL RESOURCES

As above, the Company maintains a strong balance sheet with a cash position of \$422,419, accounts receivable of \$368,931 and marketable securities in the amount of \$72,199 in the form of TSX listed debentures. These are the principal components of our \$993,530 of current assets as at December 31st, 2021.

Amount (\$)	Debenture	Maturity	Price	Annual Income (\$)
15,000	Good Natured Products 7%	31 Oct, 2026	101.25	1,050
25,000	Rogers Sugar 5%	31 Dec, 2024	103.75	1,250
30,000	Slate Office REIT 5.25%	28 Feb, 2023	102.00	1,575

Including the above, the Company had working capital of \$774,521, has no formal debt, and the Company is therefore adequately funded to conduct its business and to meet its obligations in the ordinary course of business as they come due.

The \$150,000 CanBiocin convertible debenture, carried as a longer-term capital asset, has been returning annual interest of \$12,000. However, the nature of the asset has changed: on April 14th, 2022, the Company converted the debenture into 120,000 Class A voting shares of CanBiocin Inc because the conversion feature begins to diminish when monthly repayment of the debenture begins on that date (see Events Subsequent to December 31st, 2021, below).

OUTLOOK

Innovotech is unable to accurately gauge the longer-term effects of the COVID-19 pandemic on operations of the company. However, the Company has stayed fully operational during the pandemic and will use its best efforts to continue to do so. See "Covid-19 risk" under Risk Management.

Innovotech expects the revenue growth trend experienced over the last three years to remain intact through 2022 even though quarterly payments from our recently terminated Collaboration Agreement ceased on March 31, 2022. We also remind shareholders that there is volatility inherent in contract research work. This is evident in the comparative quarterly tables provided below. Revenues vary materially on a quarterly basis. Our first quarter is typically the weakest of the year and Q1 2022 will be no exception.

We believe that our CanBiocin investment holds considerable future promise as that company's focus on probiotics for animals continues to lead to higher revenues from product sales.

We note that Innovotech's recently renewed proprietary research and product development initiatives will generate increasing costs in expensed R & D during the current year.

We continue to see interest in partner collaborations on new applications for InnovoSIL-1 following on signed 2021 non-disclosure and material transfer agreements. None have yet developed into the more advanced collaboration agreement stage.

The Company will maintain its focus on growing its revenues while being alert to opportunities to expand the business through acquisition and investment.

EVENTS SUBSEQUENT TO DECEMBER 31ST, 2021

On January 21st, 2022, Innovotech announced the termination of its Collaboration Agreement regarding InnovoSIL-1 with a global medical device company. InnovoSIL-1 anti-microbial silver's performance in terms of biocompatibility and anti-microbial activity was not a factor in the termination of the agreement.

On April 14th, 2022, Innovotech converted its \$150,000 CanBiocin Inc 8% debenture into 120,000 shares of CanBiocin Inc consistent with the terms of the convertibility of the debenture.

SELECTED QUARTERLY FINANCIAL INFORMATION

2021	Q4, 2021	Q3, 2021	Q2, 2021	Q1, 2021
	\$	\$	\$	\$
Gross revenue	456,218	236,757	480,217	308,575
Net income (loss)	202,677	(21,472)	163,690	22,235
Income (loss) per share	0.005	(0.0005)	0.004	0.0006
Assets	1,432,973	1,110,466	1,081,367	964,144
Liabilities	256,043	167,092	116,520	178,181
Shareholders' equity	1,176,930	943,374	964,847	785,963

2020	Q4, 2020	Q3, 2020	Q2, 2020	Q1, 2020
	\$	\$	\$	\$
Gross revenue	381,615	351,476	333,904	126,387
Net income (loss)	6,423	93,218	121,974	(115,298)
Income (loss) per share	0.0002	0.002	0.003	(0.003)
Assets	822,440	878,107	379,109	238,882
Liabilities	177,462	302,004	266,596	256,093
Shareholder's equity	644,978	576,103	112,513	(17,211)

2019	Q4, 2019	Q3,2019	Q2,2019	Q1,2019
	\$	\$	\$	\$
Gross revenue	228,706	248,884	286,614	222,021
Net income (loss)	(44,412)	15,200	(5,031)	(14,518)
Income (loss) per share	(0.001)	0.0004	(0.0001)	(0.0004)
Assets	274,882	275,003	242,660	271,682
Liabilities	176,795	180,111	166,939	190,931
Shareholders' equity	98,087	94,892	75,721	80,751

OFFICER APPOINTMENTS DURING 2021

APPOINTMENT OF DR. TYLER BOONE AS CHIEF OPERATING OFFICER

Dr. Boone was appointed Chief Operating Officer in April. He has been employed by Innovotech since mid 2017 when he was hired as a Microbiologist IV. He was appointed Laboratory Manager in December 2017.

Dr. Boone obtained his undergraduate degree (BSc. Honors in Microbiology) in 2006 at the University of Alberta Department of Biological Sciences. He earned his PhD at the University of Alberta's Faculty of Medical Sciences, following which, he accepted a Postdoctoral Fellowship at Loyola University in Chicago where he spent five years in laboratory work primarily in the study of spore formation. The transition of Dr. Boone to the position of Chief Operating Officer has been seamless as he is thoroughly familiar with our laboratory procedures, many of which he wrote, and knows both our clients and our business well.

APPOINTMENT OF DR. PATRICIA NADWORNY AS CHIEF SCIENCE OFFICER TO LEAD RESEARCH & DEVELOPMENT

The Board of Directors appointed Dr. Patricia Nadworny, B. Sc., Ph.D., P.Eng., as Chief Scientific Officer in August. Dr. Nadworny has been with Innovotech since early 2010, when she was hired as a Research Associate. She was appointed Product Development Manager in 2012, and Quality and Safety Director in 2019. Dr. Nadworny obtained her undergraduate degree (BSc. Chemical Engineering with distinction, first in class) in 2004 at the University of Alberta in the Department of Chemical & Materials Engineering. She stayed to earn her Ph.D. in Chemical & Materials Engineering and Biomedical Engineering at the University of Alberta's Faculties of Engineering and Medicine and Dentistry, respectively, with a focus on biological activity of nanostructured silver. In her new position, Dr. Nadworny will continue to oversee quality assurance and safety operations at the laboratory level reporting to Dr. James Timourian, Innovotech's president. Mainly however, Dr. Nadworny is responsible for our recommenced R&D program.

RESEARCH & PRODUCT DEVELOPMENT (R&D)

We advised in the MD&A accompanying the 2021 third quarter financial statements that we were returning to an element of R & D in the 4th quarter of 2021, and we have done so. We have linked the antioxidant compounds proposed under our earn-in agreement with Nou Life Sciences Inc (see below under About Nou Life); but not yet to our satisfaction as we aim to use a more product-complimentary linking agent. That work continues. Dr. Nadworny is in early-stage work on new directions drawn from our considerable body of silver-based research conducted in past years.

ABOUT CANBIOCIN INC

CanBiocin was as a spin-off from the University of Alberta, and first commercialized Micocin®, a probiotic metabolite used to inhibit the growth of *Listeria monocytogenes* in processed meat products. CanBiocin receives annual royalties on sales of Micocin®. In 2016, CanBiocin turned its R & D focus toward probiotics targeted at improving the health of companion animals. In 2018 it began to commercialize its probiotics. CanBiocin is now a global leader in species-specific companion animal and livestock probiotic development. With a mission to build health from the inside out, the company targets overall microbiome health to support all animal body systems and functions. As of the date of this MD&A, Innovotech holds 120,000 CanBiocin shares.

Today, CanBiocin's premium canine probiotics, other companion animal probiotic lines, and avian and animal livestock probiotics help owners to care for their pets and global feed companies to fill their customers' needs. CanBiocin has a rapidly growing list of customers in both North America and internationally and can be found online at www.canbiocin.ca.

As noted previously herein, Innovotech has recorded an increase in the FMV of its CanBiocin investment in recognition of its high growth rate and recent \$1.75 share financing and now carries the CanBiocin shares at an FMV of \$1.75 per share. We are optimistic in regard to the future value of this investment.

ABOUT NOU LIFE SCIENCES INC.

The Company has the right, but not the obligation to earn a 60% interest in the issued capital of Nou Life Sciences Inc by spending \$100,000 prior to February 2023 on development of the Nou Life patent. The Nou Life patent rests on the linking of alpha-lipoic acid and L-carnitine into one molecule. Lipoic acid and Carnitine are well known antioxidants that have applications in health care related to skin products. The linking of the two molecules has been indicated by Nou Life to increase the beneficial properties of the separate molecules by improving their transdermal penetration, which is necessary to perform subdermal antioxidant activity toward a healthier skin. The objective of the earn-in Agreement is to confirm performance of the linked molecules toward a more effective antioxidant in skincare applications. Innovotech's research and testing of the linked molecules will seek to confirm that they improve function in skin treatment sufficiently to encourage their use in nutraceutical and cosmetic applications. Innovotech will also investigate the indicated extent of the molecule's skin penetration in anticipation of a positive effect on nerve cell reinvigoration for treatment of neuropathy.

The Company has worked to establish a linking of the molecules using a contract chemistry laboratory in Edmonton. This has been achieved, and work is now focused on improving the link and ensuring that the linking agent to be used is generally regarded as safe for the intended use of the end product.

The nature of the Nou Life transaction enables the Company to control the pace and extent of its investment in a manner that reduces the inherent risk in developing new technology. As of the date of this MD&A, we have incurred direct costs of \$33,075 in R & D in respect of the Nou Life agreement.

CONTRACTUAL OBLIGATIONS

With repayment of the Canada Emergency Business Account loan balance of \$20,000 in December, the Company no longer has any debt obligations of a formally contracted nature other than its obligation to maintain the lease on its premises.

SUMMARY OF INNOVOTECH SHARES ISSUED FROM TREASURY DURING 2021

On February 23rd, 2021, the Company announced the acquisition of a \$150,000 8% convertible debenture of CanBiocin Inc for consideration of 625,000 treasury shares of the Company issued at a \$0.24 per share as described earlier in this MD&A (see Related Party Transactions).

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A, there are 38,909,612 Class A common shares issued out of an unlimited number of Class A voting shares.

OUTSTANDING STOCK OPTIONS

Issuance of 115,000 employee incentive stock options in April 2021 and 175,000 director's stock options in October 2021 together with the forfeiture of 631,000 of such options in March, resulted in 1,825,000 incentive stock options outstanding as of December 31st, 2021.

GEOGRAPHIC SALES INFORMATION

	Three-month period ended		Twelve-month period ended	
	Dec. 31 st 2021	Dec. 31 st 2020	Dec. 31 st 2021	Dec. 31 st 2020
	\$	\$	\$	\$
Canada	5,350	2,341	61,050	35,451
United States	403,094	319,561	1,243,581	1,106,582
Rest of World	47,774	43,307	177,136	141,348
	456,218	364,999	1,481,767	1,193,381

RELATED PARTY TRANSACTIONS

Lonsdale Capital Corporation (Lonsdale) is a related party by virtue of owning a 34% interest in the Company. Lonsdale participated in the 1,875,000-share unit offering that closed September 2nd, 2020, acquiring 528,000 units comprised of 528,000 shares and 264,000 share purchase warrants. Alan Savage is a director and shareholder of the Company and owns 100% of Lonsdale Capital.

In February 2021, the Company acquired a \$150,000 8% convertible debenture of CanBiocin Inc from Lonsdale for its face value of \$150,000 payable by the issuance of 625,000 shares of Innovotech at \$0.24.

David S. Tam is a related party by virtue of being a director and shareholder of the Company. Mr. Tam is also the Company's legal counsel. In that capacity, the Company paid Mr. Tam's firm, Parlee McLaws LLP \$32,669 for legal assistance and regulatory matters during the 2021 year.

David S. Tam is also a director and shareholder of Nou Life Sciences Inc. with which company the Company entered into an earn-in agreement on August 17th, 2020, described elsewhere in this MD&A

Bernard Grobbelaar is a related party by virtue of being a director of the Company. Mr. Grobbelaar is also the Company's accountant. In that capacity, Mr. Grobbelaar was paid professional fees of \$57,650 during the 2021 year.

Dr. James G Timourian is President of the Company. In that capacity he received \$18,000 of consideration by way of consulting fees.

Craig Milne is a related party by virtue of being a director and shareholder of the Company. Mr. Milne is chairman of the Executive Committee of the Company's Board of Directors, and Chief Business Development Officer in which capacity he received \$6,000.

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 while attempting to maximize return to shareholders by minimizing shareholder dilution in a manner

consistent with maintaining adequate working capital, equipment, and facilities while maintaining optionality in the Company's 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 2022 operational expenditures do not exceed its committed sources of funds and are manageable against the Company's expected revenues and expenses. As of December 31st, 2021, our current assets were \$993,530, our current liabilities were \$219,009 providing a working capital balance of \$774,521.

COVID-19 RISK:

In addition to the above financial risks, Innovotech is aware of risks attached to the COVID-19 pandemic. The COVID-19 outbreak has forced many businesses to close, leading to an unprecedented disruption of business in many sectors. Innovotech has put in place risk mitigation measures to separate people from each other through physical distancing including physical barriers. Innovotech requires that employees stay at home if feeling ill with possible symptoms of COVID-19 until criteria to discontinue isolation have been met. In addition, we have posted highly visible signage to discourage employees/clients from entering the workplace unless they feel well. In addition to wearing medical masks in the workplace, management has provided increased access to hand sanitizer dispensers and established increased environmental cleaning and disinfecting protocols for employees' work environments.

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, 2021.

End.