

Innovotech Inc.

Interim Financial Statements
(Unaudited)

**For the three-month period ended
March 31, 2022 and 2021**

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, part 4, subsection 4.3(3)(a); if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditors.

Innovotech Inc.

Statements of Financial Position (Unaudited)

	March 31, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	552,741	422,419
Marketable securities	72,980	72,199
Trade and other receivables	191,110	368,931
Inventory	38,600	59,779
Unbilled revenue	-	13,887
Prepaid expenses	61,781	56,315
	917,212	993,530
Property and equipment	210,105	229,443
Convertible debenture	210,000	210,000
	1,337,317	1,432,973
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	89,930	105,241
Deferred revenue	1,331	28,565
Current portion of lease liability	86,488	85,203
	177,749	219,009
Lease liability	14,925	37,034
	192,674	256,043
Shareholders' Equity		
Share capital	7,695,237	7,695,237
Warrants	159,543	159,543
Contributed surplus	1,577,648	1,577,648
Deficit	(8,287,785)	(8,255,498)
	1,144,643	1,176,930
	1,337,317	1,432,973
	7	
Nature of operations (note 1)		

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

(Signed) "Alan Savage" Director

(Signed) "James Timourian" Director

Innovotech Inc.

Statements of Changes in Shareholder's Deficiency (Unaudited)

	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total \$
Balance – January 1, 2022	7,695,237	159,543	1,577,648	(8,255,498)	1,176,930
Net and comprehensive loss for the period	-	-	-	(32,287)	(32,287)
Balance – March 31, 2022	<u>7,695,237</u>	<u>159,543</u>	<u>1,577,648</u>	<u>(8,287,785)</u>	<u>1,144,643</u>
Balance – January 1, 2021	7,576,487	159,543	1,531,576	(8,622,628)	644,978
Net and comprehensive income for the period	-	-	-	22,235	22,235
Shares issued	118,750	-	-	-	118,750
Balance – March 31, 2021	<u>7,695,237</u>	<u>159,543</u>	<u>1,531,576</u>	<u>(8,600,393)</u>	<u>785,963</u>

The accompanying notes are an integral part of these financial statements.

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Statements of Operations and Comprehensive Income (Loss) (Unaudited) For the three-months ended March 31, 2022 and 2021

	2022 \$	2021 \$
Revenue		
Contract research fees	194,182	214,250
Product sales	66,229	86,036
Other revenue	16,237	8,289
	<u>276,648</u>	<u>308,575</u>
Cost of sales		
Contract research	46,040	59,651
Product sales	45,228	21,023
	<u>91,268</u>	<u>80,674</u>
Gross profit	<u>185,380</u>	<u>227,901</u>
Operating expenses		
General and administrative	213,080	200,050
Sales and marketing	79	2,835
Research and development	6,494	4,862
	<u>219,653</u>	<u>207,747</u>
Interest expense	(1,730)	-
Interest income	3,716	(2,081)
Net income (loss) and comprehensive income (loss) for the period	<u>(32,287)</u>	<u>22,235</u>
Basic and diluted income (loss) per common share	(0.00)	0.00
	#	#
Weighted average number of common shares outstanding for the period	<u>38,909,612</u>	<u>38,562,390</u>

The accompanying notes are an integral part of these financial statements.

Innovotech Inc.

Statements of Cash Flows

(Unaudited) For the three-months ended March 31, 2022 and 2021

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Net income for the period	(32,287)	22,235
Adjustments for:		
Depreciation	27,532	3,980
Interest expense	1,730	-
Interest income	(2,532)	(699)
	<u>(5,557)</u>	<u>25,516</u>
Net change in non-cash working capital items (note 5)	<u>166,627</u>	<u>5,928</u>
	<u>161,070</u>	<u>31,444</u>
Investing activities		
Purchase of equipment	<u>(8,194)</u>	<u>(3,556)</u>
	<u>(8,194)</u>	<u>(3,556)</u>
Financing activities		
Lease liability repaid	<u>(22,554)</u>	<u>-</u>
	<u>(22,554)</u>	<u>-</u>
Increase in cash and cash equivalents	130,322	27,888
Cash and cash equivalents – Beginning of period	<u>422,419</u>	<u>530,144</u>
Cash and cash equivalents – End of period	<u>552,741</u>	<u>558,032</u>

The accompanying notes are an integral part of these financial statements.

Innovotech Inc.

Notes to Financial Statements

(Unaudited) March 31, 2022 and 2021

1 Nature of operations and use of the going concern assumption

Innovotech Inc. (the Company) is incorporated under the Business Corporation Act of Alberta. The primary activities of the Company are sales of its products, conducting contract research for outside customers and research and development to identify products for future commercialization. The Company's current products include a family of silver periodate antimicrobial compounds (InnoSIL™) for medical application as well as an assay used in growing microbial biofilms for research purposes. The Company is publicly traded and listed on the TSX Venture Exchange, and its registered office is in Edmonton, Alberta.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

In March 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity markets. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2 Basis of preparation

The Company prepares its financial statements in accordance with Part I of the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook) which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

These financial statements were approved by the Board of Directors for issue on May 24, 2022.

3 Significant accounting policies

There were no new or amended International Financial Reporting standards or interpretations that required adoption by the Company during the quarter.

4 Share capital

a) Stock options

The Company has an incentive stock option program (the Program) pursuant to which the Board of Directors of the Company may allocate non-transferable options to purchase common shares to directors, officers, employees and consultants of the Company. The aggregate number of common shares that may be available for issuance from time to time under the Program is not to exceed ten (10%) percent of the number of common shares issued and outstanding in the capital of the Company, calculated on a fully diluted basis. Options granted under the Program must have an exercise price not less than the market value of the common shares (less any permissible discount) at the grant date and vest over a period of one year or as otherwise resolved by the Board of Directors. These options are exercisable for a period of up to

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(Unaudited) March 31, 2022 and 2021

ten years from the date of grant, unless otherwise resolved by the Board of Directors. For purposes of the option pricing model, expected volatility is calculated based on the most recent historical period equal to the option's expected term.

The Company recognized share based compensation expense of \$nil for the three months ended March 31, 2022 (2021 – \$nil).

5 Net change in non-cash working capital items

	2022 \$	2021 \$
Marketable securities	(781)	20,000
Trade and other receivable	177,821	(13,032)
Inventory	21,179	(1,186)
Unbilled revenue	13,887	-
Prepaid expenses	(5,466)	(573)
Accounts payable and accrued liabilities	(15,311)	12,724
Deferred revenue	(27,234)	(12,005)
	<hr/>	<hr/>
	164,095	5,928
Addback: accrued interest income included in trade and other receivables	2,532	-
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	166,627	5,928
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6 Geographic information

Geographic information about the Company's revenue is based on the product shipment destination and, for contract research, on the location of the contracting organization.

	Three-month period ended March 31,	
	2022 \$	2021 \$
Canada	19,870	25,040
United States	209,110	233,140
Rest of world	47,669	50,394
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	276,649	308,574
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All of the Company's equipment and intangible assets are located in Canada.