

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Condition and Results of Operations for the Three and Nine Months Ended September 30th, 2022 (As of November 15th, 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; reliance on key strategic relationships; uncertainty related to intellectual property protection and potential costs associated with its defense; the impact of the adoption of new accounting standards on the Company's financial results, and the Company's exposure to lawsuits and other matters beyond the control of management;

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 November 15TH, 2022, should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year ended December 31st, 2021, and the related notes thereto.

This MD&A is provided by management using information available up to November 15TH, 2022 unless otherwise stated. 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:

OVERVIEW OF THE BUSINESS

Innovotech Inc. was incorporated in 2001 under the Business Corporation 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 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 experience that give it certain 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 makes and sells the MBEC Assay® Kit, a sort of Petri dish for biofilms, that keeps its name in the forefront of research and medical device testing for microbial biofilm formations. 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 our contract research services contributes to Innovotech's marketing efforts.

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 even though 2022 first half revenues interrupted that trend. 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. We continue our program of designing novel testing devices with which to enhance the effectiveness of our microbial biofilm contract research.

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

Innovotech has invested in the shares of a probiotics manufacturer, CanBiocin Inc. The Company 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 \$7,485,000 available to reduce future net income for tax purposes.

PERFORMANCE AND RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30th, 2022 (Q3):

SUMMARY

Third quarter revenue of \$340,527 increased considerably compared with Q3 2021 revenue of \$236,757, increasing by \$103,770 or 44%. Importantly, it was also a significant increase over Q2 2022 revenue of \$259,584.

An increase in contract research revenues was able to fully offset a decline in product sales. Sales of products were down by 36% from \$73,196 to \$47,019, while contract research service fees rose sharply by 89% to \$293,508 from \$155,444.

Higher Q3 revenues saw Innovotech earn a profit of \$41,692 compared to a loss of \$21,472 in the prior year period. A decline in the Canadian dollar vs the US dollar was a Q3 tailwind. The third quarter financial results further benefited from a decline in research and development costs from levels incurred in the first half of the 2022 year to June 30th, 2022.

Q3 FINANCIAL RESULTS OF OPERATIONS TO SEPTEMBER 30th, 2022

General and administrative expenses increased by 10.5% over Q3 of the prior year, but as a percentage of revenues those costs decreased to 58% from 76% in the prior year due to the higher revenues in the current period. Higher revenues with only slightly higher costs provided for the net profit in Q3 of \$41,692 vs. the loss in the prior year period. The decline in interest income is a function of conversion of the CanBiocin Inc 8% convertible debenture into 120,000 shares of that company in April, 2022. The decline in other income results from termination of the collaboration agreement reported on in the 2021 yearend MD&A.

REVENUE & GROSS PROFIT

Period	Q3 2022	Q3 2021
Contract research fees	293,508	155,444
Product sales	47,019	73,196
Other revenue	-	8,117
Gross revenue	340,527	236,757
Cost of sales	94,336	79,362
Gross profit	246,191	157,395

OPERATING EXPENSES & NET INCOME

Period	Q3 2022	Q3 2021
General & administrative	197,717	178,880
Sales & marketing	641	-
Research & development (R&D)	7,483	5,302
Operating expenses	205,841	184,182
Interest expense	1,097	-
Interest income	(2,439)	(5,315)
Net income	41,692	(21,472)

PERFORMANCE AND RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30th, 2022:

SUMMARY

For the nine months ended September 30th, Innovotech contract research revenues declined 8% to \$686,897 and product sales declined 31% from \$251,808 to \$173,625 resulting in overall revenues falling to \$876,759 from \$1,025,549, a decline of 15%. While Innovotech maintained a 70% gross profit margin, and while general and administrative expenditures rose only 6%, the decrease in revenues and higher nine-month research and development (R&D) expenses of \$53,279 vs \$32,393 in the prior year resulted in a net loss of \$53,102 in the current period.

We expect to continue to incur increased research costs in connection with our InnovoSIL™-1 antimicrobial and the Company's Nou Life skin cream program in the next few quarters. Other R&D costs will be associated with broadening and refreshing our offerings to our accounts by investment in new methodologies and equipment to meet expected demand (See Outlook, page 6).

With the resumption of R&D in late 2021, Innovotech retained the services of a Scientific Research and Development (SRED) consultant to assist in applying for federal and provincial research credits under the SRED program. We expect to receive government financial support in 2023 whereby the Company will recover certain 2022 qualifying R&D expenses.

REVENUE & GROSS PROFIT

Nine months ended September 30th	2022	2021
Contract research fees	686,897	749,193
Product sales	173,625	251,808
Other revenue	16,237	24,548
Gross revenue	876,759	1,025,549
Cost of sales	263,859	254,990
Gross profit	612,900	770,559

OPERATING EXPENSES & NET INCOME

Nine months ended September 30th	2022	2021
General & administrative	618,360	585,614
Sales & marketing	978	-
Research & development (R&D)	53,279	32,393
Operating expenses	672,617	618,007
Interest expense	4,243	-
Interest income	(10,858)	(11,901)
Net income	(53,102)	164,453

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 almost 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.

Nine months ended September 30th	2022	2021
Net profit (loss)	(53,102)	164,453
Depreciation and amortization	83,709	14,773
Non-cash interest expense	4,243	-
Non-cash interest income	(2,533)	(2,212)
Share-based compensation	-	15,193
Term loan forgiveness	-	-
EBITDAS	32,317	192,207

ASSETS, LIABILITIES & SHAREHOLDERS' EQUITY:

During the nine months to September 30th, working capital decreased from \$774,521 at December 31st, 2021 to \$719,423, reflecting the loss of \$53,102 during the period. Current assets include listed, marketable securities of \$81,032 as outlined in the Liquidity & Capital Resources review, below.

Current liabilities decreased to \$134,661 from \$219,009 at December 31st, 2021.

Shareholders' equity decreased to \$1,123,828 from \$1,176,930, as tabled below, due to the loss incurred in the first nine months of the 2022 fiscal year.

Period Ended	September 30th, 2022	Dec. 31st, 2021
Current assets	854,084	993,530
Equipment	194,405	229,443
Investment	210,000	210,000
Total assets	1,258,489	1,432,973
Current liabilities	134,661	219,009
Lease liabilities	-	37,034
Total liabilities	134,661	256,043
Shareholders' equity	1,123,828	1,176,930

LIQUIDITY & CAPITAL RESOURCES:

The Company continued to maintain a strong balance sheet having cash of \$465,455, an investment in CanBiocin Inc valued at \$210,000, marketable securities in the amount of \$81,032 in the form of TSX listed debentures, and no debt.

Amount (\$)	Debenture	Maturity	Price	Annual Income (\$)
25,000	Exchange Income 5.25%	15 Jan. 2029	93.90	1,312
25,000	Rogers Sugar 5%	31 Dec, 2024	99.50	1,250
30,000	Slate Office REIT 5.25%	28 Feb, 2023	99.75	1,575

The Company's working capital of \$719,423 is adequate to conduct its business and to meet its obligations in the ordinary course as they come due.

OUTLOOK:

Innovotech's contract research business underperformed in the nine months to September 30th, 2022. The Company does not expect that result to be indicative of the direction of future results. We believe that prevailing macroeconomic conditions have tended to generate reduced R&D expenditures by our clients. Nonetheless, current research protocols signed and probable indicate a reasonable if not exciting 4th quarter of 2022. Some of our efforts to improve our financial performance are indicated below.

Innovotech reminds shareholders that there is volatility inherent in our contract research work. This volatility is evident in the following comparative tables provided. While the Company has many clients for its products and its contract research, the latter business is dominated by several large medical companies. To a considerable degree, our volume of contract research business is dependent on the cadence of the need of these clients for third party testing of their products. It is for this reason that the Company's revenue trend can vary materially on a quarterly basis.

The Company continues research and product development initiatives in collaboration with clients testing devices and new protocols. Some of the new protocols required the Company to acquire new equipment, to advance our ability to test client products for their susceptibility to, or resistance to, the formation of microbial biofilms using in vitro procedures that better approximate in vivo results. It is our hope and expectation that these efforts and expenditures will source additional contract research revenues.

Innovotech's collaboration with potential partners on varied applications for InnovoSIL™-1 antimicrobial silver continues to progress in an increasingly advanced manner. In connection with the preceding, Innovotech has recently conducted tests that have confirmed that InnovoSIL™-1 silver is stable for autoclaving, dry heat sterilizing and e-beam sterilizing. Further stability tests are ongoing and will be reported in future MD&As.

The Company intends to maintain its focus on growing its business and revenues, conducting focused R&D, and being alert to opportunities to expand the business through investment in staff, equipment, and external opportunities. Innovotech's liquid balance sheet provides optionality in that regard.

SELECTED QUARTERLY FINANCIAL INFORMATION:

2022		Q3, 2022	Q2, 2022	Q1, 2022
		\$	\$	\$
Gross revenue		340,527	259,584	276,648
Net income (loss)		41,692	(62,507)	(32,287)
Income (loss) per share		0.00	(0.00)	(0.00)
Assets		1,258,489	1,325,197	1,337,317
Liabilities		134,661	243,061	192,674
Shareholder's equity		1,123,828	1,082,136	1,144,643

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
Shareholder's 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)

INVESTMENT IN CANBIOCIN INC:

CanBiocin was 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 its current probiotics business. 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. 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 in previous MD&A reports, Innovotech has recorded an increase in the fair market valuation ("FMV") of its CanBiocin investment in recognition of that company's high growth rate and recent \$1.75 share financing. The Company now carries the 120,000 CanBiocin shares at a FMV of \$1.75 per share. We are optimistic in regard to the future value of this investment.

INVESTMENT IN 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 for subdermal antioxidant activity to promote 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 is seeking to confirm that they improve function in skin treatment sufficiently to encourage their use in nutraceutical and cosmetic applications. Innovotech will investigate the extent of the linked molecules' skin penetration following ongoing stability testing. Work is now focused on improving the link and ensuring that the linked product is stable and compatible with the intended use of the end product. Innovotech has commissioned third-party studies in that regard.

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. In the second quarter of 2022, the Company incurred additional direct costs of \$33,075 in R&D in respect of the Nou Life agreement, which appear as expensed R&D cost in the nine-month operating statement review in this MD&A.

CONTRACTUAL OBLIGATIONS:

The Company has no contractual obligations.

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:

The Company had 1,845,000 incentive stock options issued at December 31st, 2021. As of the date of this MD&A, there are stock options covering 1,815,000 shares.

GEOGRAPHIC SALES INFORMATION:

	Three-month period ended		Nine-month period ended	
	September 30 th 2022 \$	September 30 th 2021 \$	September 30 th 2022 \$	September 30 th 2021 \$
Canada	5,982	6,135	31,527	55,700
United States	306,162	188,636	738,277	840,487
Rest of World	28,413	41,986	106,955	129,362
	340,527	236,757	876,759	1,025,549

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 that provide 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 while the reverse is true in the case of a falling Canadian dollar. 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 September 30th, 2022, the Company's current assets were \$854,084 and our current liabilities were \$134,661 providing a working capital balance of \$719,423.

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.