

Innovotech Inc.

Interim Financial Statements
(Unaudited)

**For the three-month period ended
March 31, 2023 and 2022**

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, 2023 \$	December 31, 2022 \$
Assets		
Current assets		
Cash and cash equivalents	394,452	469,068
Marketable securities	83,231	81,643
Trade and other receivables	152,085	197,758
Inventory	42,767	42,152
Unbilled revenue	-	-
Prepaid expenses	31,404	35,380
	<u>703,939</u>	<u>826,001</u>
Property and equipment	168,540	186,802
Investment	210,000	210,000
	<u>1,082,479</u>	<u>1,222,803</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	89,718	118,044
Deferred revenue	3,333	10,217
Lease liability	14,925	37,034
	<u>107,976</u>	<u>165,295</u>
Shareholders' Equity		
Share capital	7,695,237	7,695,237
Warrants	159,543	159,543
Contributed surplus	1,594,737	1,594,737
Deficit	(8,475,014)	(8,392,009)
	<u>974,503</u>	<u>1,057,508</u>
	<u>1,082,479</u>	<u>1,222,803</u>

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, 2023	7,695,237	159,543	1,594,737	(8,392,009)	1,057,508
Net and comprehensive loss for the period	-	-	-	(83,005)	(83,005)
Balance – March 31, 2023	<u>7,695,237</u>	<u>159,543</u>	<u>1,594,737</u>	<u>(8,475,014)</u>	<u>974,503</u>
Balance – January 1, 2022	7,695,237	159,543	1,577,648	(8,255,498)	1,176,930
Net and comprehensive income for the period	-	-	-	(32,287)	(32,287)
Shares issued	-	-	-	-	-
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>

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

Innovotech Inc.

Statements of Operations and Comprehensive Income (Loss) (Unaudited) For the three-months ended March 31, 2023 and 2022

	2023 \$	2022 \$
Revenue		
Contract research fees	182,269	194,182
Product sales	73,423	66,229
Other revenue	-	16,237
	<u>255,692</u>	<u>276,648</u>
Cost of sales		
Contract research	49,317	46,040
Product sales	38,571	45,228
	<u>87,888</u>	<u>91,268</u>
Gross profit	<u>167,804</u>	<u>185,380</u>
Operating expenses		
General and administrative	220,381	213,080
Sales and marketing	7,622	79
Research and development	23,951	6,494
	<u>251,954</u>	<u>219,653</u>
Interest expense	(445)	(1,730)
Interest income	1,590	3,716
Net income (loss) and comprehensive income (loss) for the period	<u>(83,005)</u>	<u>(32,287)</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>38,909,612</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, 2023 and 2022

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Net income for the period	(83,005)	(32,287)
Adjustments for:		
Depreciation	29,417	27,532
Interest expense	445	1,730
Interest income	-	(2,532)
	<u>(53,143)</u>	<u>(5,557)</u>
Net change in non-cash working capital items (note 5)	<u>12,236</u>	<u>166,627</u>
	<u>(40,907)</u>	<u>161,070</u>
Investing activities		
Purchase of equipment	<u>(11,155)</u>	<u>(8,194)</u>
	<u>(11,155)</u>	<u>(8,194)</u>
Financing activities		
Lease liability repaid	<u>(22,554)</u>	<u>(22,554)</u>
	<u>(22,554)</u>	<u>(22,554)</u>
Increase (decrease) in cash and cash equivalents	(74,516)	130,322
Cash and cash equivalents – Beginning of period	<u>469,068</u>	<u>422,419</u>
Cash and cash equivalents – End of period	<u>394,452</u>	<u>552,741</u>

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

Innovotech Inc.

Notes to Financial Statements

(Unaudited) March 31, 2023 and 2022

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 (InnovoSIL™) 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.

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 23rd, 2023.

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 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, 2023 (2022 – \$nil).

Innovotech Inc.

Notes to Financial Statements

(Unaudited) March 31, 2023 and 2022

5 Net change in non-cash working capital items

	2023	2022
	\$	\$
Marketable securities	(1,588)	(781)
Trade and other receivable	45,673	177,821
Inventory	(615)	21,179
Unbilled revenue	-	13,887
Prepaid expenses	3,976	(5,446)
Accounts payable and accrued liabilities	(28,326)	(15,311)
Deferred revenue	(6,884)	(27,234)
	<hr/>	<hr/>
	12,236	164,095
Less: accrued interest income included in trade and other receivables	-	2,532
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	12,236	166,627
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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,	
	2023	2022
	\$	\$
Canada	7,420	19,870
United States	211,299	209,110
Rest of world	36,973	47,669
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	255,692	276,649
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All of the Company's equipment and intangible assets are located in Canada.