
Innovotech Inc. signs non-binding Letter of Intent to acquire Keystone Labs Inc. and announces a non-brokered private placement

Edmonton, Alberta, September 11th, 2024 - Innovotech Inc. (TSX-V: IOT) (“Innovotech”, or the “Company”) is pleased to announce that it has entered into a non-binding letter of intent (the “LOI”) to acquire Keystone Labs Inc. (“Keystone”), a privately held, independent contract-testing laboratory, located in Edmonton, Alberta, specializing in quality testing for regulated industries.

Keystone was founded in 2005 by Ms. Jodi McDonald and provides a suite of analytical and microbiological services to pharmaceutical, biotechnological, medical device and natural health product industries. Keystone holds a drug establishment license from Health Canada, enabling the testing of regulated products including those in the pharmaceutical manufacturing supply chain.

The acquisition builds on Innovotech’s recent investments for increasing its productive capacity for contract research, renewing efforts to commercialize its patented InnoSIL-1™ antimicrobial silver compound, and acquiring a controlling interest in NouLife Sciences Inc. that occurred in August 2023. A further comprehensive press release will be issued upon the signing of a definitive agreement with respect to the Keystone acquisition.

The Acquisition

Innovotech has agreed to a final letter of intent (“LOI”), as amended, dated September 10th, 2024, to purchase 100% of the equity of Keystone with an anticipated closing date in October of 2024. Innovotech will contribute \$300,000 cash to Keystone to payout existing shareholder loans and will acquire Keystone on a debt-free basis. The consideration for the acquisition of the Keystone equity will be in an amount of up to \$600,000 by the issuance to the Keystone shareholders the equivalent of \$300,000 of Innovotech shares (the “Acquisition Shares”) from treasury at the price of \$0.13 per common share. These Acquisition Shares will be subject to an escrow agreement whereby the Acquisition Shares shall be released over a two-year period, which is designed to retain Ms. McDonald in her leadership capacity. Additionally, the Company will issue a performance-based cash incentive plan valued at up to a further \$300,000 over a three-year period contingent on achieving revenue growth and positive net income targets. No finders’ fees are payable by any of the parties.

The LOI will be followed by a definitive agreement which will be subject to customary conditions, due diligence and representations, warranties and covenants.

Innovotech Inc.

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The Private Placement

The Company is also pleased to announce a non-brokered private placement of up to \$1,000,000 and has received financing commitments exceeding \$600,000. The Company is offering units priced at \$0.13 per unit ("Unit") which consists of one common share ("Share") and one-half of one common share purchase warrant ("Warrant"). One full Warrant entitles the holder to purchase one Share at a price of \$0.17 each for a period of 12 months following the closing date.

The Company intends to use \$300,000 to clear the existing shareholder loan balances at Keystone and a further \$100,000 for equipment purchases as required in the short to medium term to augment Keystone's existing laboratory equipment. The balance of the proceeds from the private placement will be used for unallocated working capital and for conducting further business development of the combined business operations.

Pursuant to applicable Canadian securities laws, the Common Shares and Warrants comprising of the Units are subject to a four month plus one day hold period from the closing date.

The issuance of the Units to insiders pursuant to the private placement will constitute a "related party transaction" as defined under Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The private placement will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101. In particular, the Company has determined that the exemptions set out in paragraphs (a) and (b) in section 5.5 of MI 61-101 are applicable since the aggregate consideration to be paid by the related parties will not exceed 25% of the market capitalization of the Company and the Company is not listed on the Toronto Stock Exchange, but only on the TSX Venture Exchange. In addition, regarding the minority shareholder approval exemptions, the independent directors have determined that the exemptions set out in paragraphs (1)(a) and (b) in section 5.7 of MI 61-101 are applicable in that the aggregate consideration to be paid by the related parties will not exceed 25% of the market capitalization of the Company, the distribution of the securities to the related parties will have a fair market value of not more than \$2,500,000 and the Company is not listed on the Toronto Stock Exchange, but only on the TSX Venture Exchange.

About Innovotech Inc.:

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Innovotech is a Canadian biotechnology company owning proprietary intellectual property, conducting contract research, and owning and providing proprietary devices for testing in multiple applications in microbiology, and can be found online at www.innovotech.ca.

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This document may contain forward-looking statements that are predictive in nature and subject to risks and uncertainties that cannot be predicted or quantified; consequently, actual results may differ materially from past results and those expressed or implied by any forward-looking statements. 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; 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. Should known 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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