

Innovotech Inc.

Interim Consolidated Financial Statements
(Unaudited)

**For the three-month period ended
March 31, 2025 and 2024**

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 Consolidated Financial Statements, they must be accompanied by a notice indicating that the Consolidated Financial Statements have not been reviewed by an auditor.

The accompanying unaudited interim Consolidated 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 Consolidated Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim Consolidated Financial Statements by the entity's auditors.

Innovotech Inc.

Consolidated Statement of Financial Position (Unaudited)

(Expressed in Canadian Dollar)

	March 31, 2025	December 31, 2024
Notes	\$	\$
Assets		
Current assets		
Cash and cash equivalents	829,408	725,399
Trade and other receivables	630,986	638,014
Indirect taxes receivable	35,707	19,604
Inventory	138,475	128,360
Unbilled revenue	44,696	51,234
Prepaid expenses and deposits	125,828	114,339
	<u>1,805,100</u>	<u>1,676,950</u>
Property, plant and equipment	546,333	500,756
Intangible assets	524,740	543,024
Long term investment	499,200	499,200
	<u>3,375,373</u>	<u>3,219,930</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	355,746	286,939
Deferred revenue	70,754	24,029
Current portion of deferred grants	32,737	39,436
Current portion of contingent consideration	73,005	70,621
	<u>532,242</u>	<u>421,025</u>
Deferred grants	-	3,025
Contingent consideration	153,579	172,749
	<u>685,821</u>	<u>596,799</u>
Equity		
Shareholders' equity	2,633,232	2,565,111
Non-controlling interest	56,320	58,020
	<u>2,689,552</u>	<u>2,623,131</u>
	<u>3,375,373</u>	<u>3,219,930</u>

Approved by the Board of Directors

(Signed) "Craig Milne" Director

(Signed) "James Timourian" Director

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

Innovotech Inc.

Consolidated Statements of Changes in Shareholder's Deficiency

(Unaudited)

	Notes	Share capital \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total Shareholders' equity \$	Non- controlling interest \$	Total \$
Balance - January 1, 2025		8,844,237	256,096	1,789,634	(8,324,856)	2,565,111	58,020	2,623,131
Net and comprehensive income (loss) for the period		-	-	-	73,799	73,799	(1,700)	72,099
Stock based compensation	4(a)	-	-	2,898	-	2,898	-	2,898
Balance - March 31, 2025		8,844,237	256,096	1,792,532	(8,259,633)	2,633,232	56,320	2,689,552
Balance - January 1, 2024		7,702,216	159,543	1,618,431	(8,549,591)	930,599	68,000	998,599
Net and comprehensive income (loss) for the year		-	-	-	224,735	224,735	(9,980)	214,755
Proceeds from private placement		872,946	256,096	-	-	1,129,042	-	1,129,042
Shares issued on option exercise		52,377	-	(37,975)	-	14,402	-	14,402
Shares issued on business combination		216,698	-	-	-	216,698	-	216,698
Warrants expired		-	(159,543)	159,543	-	-	-	-
Stock based compensation		-	-	49,635	-	49,635	-	49,635
Balance - December 31, 2024		8,844,237	256,096	1,789,634	(8,324,856)	2,565,111	58,020	2,623,131

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

Innovotech Inc.

Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited) For the three-months ended March 31, 2025 and 2024

		2025	2024
	Notes	\$	\$
Revenue			
Services revenue	6	1,100,134	268,745
Product sales		58,051	45,231
		<u>1,158,185</u>	<u>313,976</u>
Cost of sales		<u>536,955</u>	<u>221,404</u>
Gross profit		<u>621,230</u>	<u>92,572</u>
Operating expenses			
General and administrative		468,749	181,707
Marketing and business development		19,978	7,242
Research and development		88,509	27,410
Grants and tax credits		<u>(23,822)</u>	<u>(15,171)</u>
		<u>553,414</u>	<u>201,188</u>
Other items			
Finance income		3,295	2,003
Finance expenses		(8,214)	-
Fair value changes		<u>626</u>	<u>4,412</u>
Net finance income (expense)		<u>(4,293)</u>	<u>6,415</u>
Net income (loss) and comprehensive income (loss) for the year		<u>63,523</u>	<u>(102,201)</u>
Attributable to:			
Equity holders of the parent		65,223	(102,201)
Non-controlling interest		<u>(1,700)</u>	<u>-</u>
		<u>63,523</u>	<u>(102,201)</u>

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

Innovotech Inc.

Consolidated Statements of Cash Flows

(Unaudited) For the three-months ended March 31, 2025 and 2024

	Notes	2025 \$	2024 \$
Cash provided by (used in):			
Operating activities:			
Net income (loss)		63,523	(102,201)
Adjustments for:			
Depreciation and amortization		31,307	14,292
Non-cash finance expense		8,214	-
Non-cash finance income		(3,295)	-
Fair value adjustment on financial assets		-	(4,412)
Fair value adjustment on financial liabilities		(626)	-
Deferred grant		(9,724)	(9,832)
		92,297	(102,153)
Net change in non-cash working capital	5	94,686	66,551
		186,983	(35,602)
Investing activities:			
Purchase of property, plant and equipment		(58,600)	(7,500)
		(58,600)	(7,500)
Financing activities:			
Exercise of options		-	4,700
Contingent consideration repaid		(24,374)	-
		(24,374)	4,700
Increase (decrease) in cash and cash equivalents		104,009	(38,402)
Cash and cash equivalents - Beginning of year		725,399	160,521
Cash and cash equivalents - End of year		829,408	122,119

The accompanying notes are an integral part of these Consolidated Financial Statements.

Innovotech Inc.

Notes to Consolidated Financial Statements (Unaudited) March 31, 2025 and 2024

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 to conduct contract research, typically related to antimicrobials and medical devices, analytical and microbiology services, and commercialization of antimicrobial technologies. The Company's product sales are 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 Suite L131, 2011 – 94 Street, Edmonton, Alberta, Canada, T6N 1H1.

These consolidated financial statements have been prepared using IFRS Accounting Standards ("IFRS") 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

These consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These Consolidated Financial Statements were approved by the Board of Directors for issue on May 12, 2025.

3 Material 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 \$2,898 for the three months ended March 31, 2025 (2024 – \$nil).

Innovotech Inc.

Notes to Consolidated Financial Statements (Unaudited) March 31, 2025 and 2024

5 Net change in non-cash working capital items

	2025	2024
	\$	\$
Short term investments (excluding fair value changes)	-	1
Trade and other receivables	7,028	55,346
Indirect taxes receivable	(16,103)	-
Inventory	(10,115)	(10,861)
Unbilled revenue	6,538	16,678
Prepaid expenses and deposits	(11,489)	826
Accounts payable and accrued liabilities	68,807	(394)
Deferred revenue	46,725	8,455
	91,391	70,051
Add: accrued interest receivable	3,295	-
Less: trade and other receivables related to shares issued on exercise of options	-	3,500
	94,686	66,551

6 Segments

a) Basis of Segment Reporting

The Company's operations are organized into two reportable segments: Innovotech and Keystone Labs. These segments are identified based on the internal reports regularly reviewed by the Company's chief operating decision makers (CODM) to allocate resources and assess performance.

b) Financial Information by Segment

The following table presents the revenue, profit, and other relevant financial information regarding the Company's reportable segments for the three months ended March 31, 2025. For the three months ended March 31, 2024 the Company had only one reportable segment.

	Innovotech	Keystone	Total Segments	Reconciling Items	Consolidated Total
Revenue					
External revenue	843,177	315,008	1,158,185	-	1,158,185
Inter-segment revenue	-	-	-	-	-
Total revenue	843,177	315,008	1,158,185	-	1,158,185
Segment profit	69,532	20,003	89,535	(26,012)	63,523
Segment assets	3,199,329	493,808	3,693,137	(317,764)	3,375,373
Segment liabilities	695,773	395,287	1,091,060	(405,239)	685,821