

Innovotech Inc.

Interim Consolidated Financial Statements
(Unaudited)

**For the three and six-month periods ended
June 30, 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)

	June 30, 2025	December 31, 2024
Notes	\$	\$
Assets		
Current assets		
Cash and cash equivalents	494,281	725,399
Trade and other receivables	634,184	638,014
Indirect taxes receivable	14,145	19,604
Inventory	163,385	128,360
Unbilled revenue	88,951	51,234
Prepaid expenses and deposits	149,804	114,339
	1,544,750	1,676,950
Property, plant and equipment	545,992	500,756
Intangible assets	511,346	543,024
Long term investment	593,865	499,200
	3,195,953	3,219,930
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	475,056	286,939
Deferred revenue	22,726	24,029
Current portion of deferred grants	22,905	39,436
Current portion of contingent consideration	75,469	70,621
	596,156	421,025
Deferred grants	-	3,025
Contingent consideration	133,763	172,749
	729,919	596,799
Equity		
Shareholders' equity	2,411,414	2,565,111
Non-controlling interest	54,620	58,020
	2,466,034	2,623,131
	3,195,953	3,219,930

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		-	-	-	(174,276)	(174,276)	(3,400)	(177,676)
Shares issued on option exercise		10,538	-	(4,288)	-	6,250	-	6,250
Share issued on warrants exercise		11,395	(2,895)	-	-	8,500	-	8,500
Stock based compensation	4(a)	-	-	5,829	-	5,829	-	5,829
Balance - June 30, 2025		8,866,170	253,201	1,791,175	(8,499,132)	2,411,414	54,620	2,466,034
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		-	-	-	(217,018)	(217,018)	-	(217,018)
Shares issued on option exercise		2,870	-	(1,670)	-	1,200	-	1,200
Stock based compensation		-	-	14,309	-	14,309	-	14,309
Balance - June 30, 2024		7,705,086	159,543	1,631,070	(8,766,609)	729,090	68,000	797,090

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 and six-months ended June 30, 2025 and 2024

	Notes	Three-month period ended		Six-month period ended	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue					
Services revenue		907,957	268,277	2,008,091	537,022
Product sales		76,370	48,861	134,421	94,092
Other revenue		-	81,449	-	81,449
	6(b)	984,327	398,587	2,142,512	712,563
Cost of sales		459,973	223,327	996,928	444,731
Gross profit		524,354	175,260	1,145,584	267,832
Operating expenses					
General and administrative		736,281	229,314	1,205,030	411,021
Marketing and business development		30,133	9,353	50,111	16,595
Research and development		208,257	67,500	296,766	94,910
Grants and tax credits		(119,710)	(15,176)	(143,532)	(30,347)
		854,961	290,991	1,408,375	492,179
Other items					
Finance income		2,390	914	5,685	2,917
Finance expenses		(7,647)	-	(15,861)	-
Fair value changes	8(b)	94,665	-	95,291	4,412
Net other income (expense)		89,408	914	85,115	7,329
Net income (loss) and comprehensive income (loss) for the period		(241,199)	(114,817)	(177,676)	(217,018)
Attributable to:					
Equity holders of the parent		(239,499)	(114,817)	(174,276)	(217,018)
Non-controlling interest		(1,700)	-	(3,400)	-
		(241,199)	(114,817)	(177,676)	(217,018)
Basic and diluted income per common share		(0.00)	(0.00)	(0.00)	(0.00)

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

Innovotech Inc.

Consolidated Statements of Cash Flows

(Unaudited) For the six-months ended June 30, 2025 and 2024

	Notes	2025 \$	2024 \$
Cash provided by (used in):			
Operating activities:			
Net income (loss)		(177,676)	(217,018)
Adjustments for:			
Depreciation and amortization		82,850	29,761
Gain on disposal of property, plant and equipment		-	(222)
Non-cash finance expense		15,861	-
Non-cash finance income		(3,294)	-
Fair value adjustment on financial assets		(94,665)	(4,412)
Fair value adjustment on financial liabilities		(626)	-
Deferred grant		(19,556)	(9,832)
Stock-based compensation		5,829	14,309
		(191,277)	(187,414)
Net change in non-cash working capital	5	91,191	81,539
		(100,086)	(105,875)
Investing activities:			
Purchase of property, plant and equipment		(91,408)	(41,060)
Purchase of intangible assets	7	(5,000)	-
Proceeds from sale of property, plant and equipment		-	2,159
		(96,408)	(38,901)
Financing activities:			
Exercise of options		6,250	4,700
Exercise of warrants		8,500	-
Due to shareholder		-	100,000
Contingent consideration repaid		(49,374)	-
		(34,624)	104,700
Increase (decrease) in cash and cash equivalents		(231,118)	(40,076)
Cash and cash equivalents - Beginning of year		725,399	160,521
Cash and cash equivalents - End of year		494,281	120,445

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

Innovotech Inc.

Notes to Consolidated Financial Statements

(Unaudited) June 30, 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 August 19, 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

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 \$5,829 for the six months ended June 30, 2025 (2024 – \$nil).

Innovotech Inc.

Notes to Consolidated Financial Statements

(Unaudited) June 30, 2025 and 2024

5 Net change in non-cash working capital items

	2025	2024
	\$	\$
Short term investments (excluding fair value changes)	-	72,548
Trade and other receivables	3,830	21,939
Indirect taxes receivable	5,459	-
Inventory	(35,025)	(7,819)
Unbilled revenue	(37,717)	4,717
Prepaid expenses and deposits	(35,465)	(11,825)
Accounts payable and accrued liabilities	188,117	(5,699)
Deferred revenue	(1,303)	11,178
	87,896	85,039
Add: accrued interest receivable	3,295	(3,500)
	91,191	81,539

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 six months ended June 30, 2025. For the six months ended June 30, 2024, the Company had only one reportable segment.

For the six months ended June 30, 2025

	Innovotech	Keystone	Total Segments	Reconciling Items	Consolidated Total
Revenue					
External revenue	1,439,428	703,084	2,142,512	-	2,142,512
Inter-segment revenue	-	-	-	-	-
Total revenue	1,439,428	703,084	2,142,512	-	2,142,512
Segment profit	(259,530)	133,939	(125,591)	(52,085)	(177,676)
Segment assets	2,665,196	555,057	3,220,253	(24,300)	3,195,953
Segment liabilities	455,930	341,513	797,443	(67,524)	729,919

Innovotech Inc.

Notes to Consolidated Financial Statements

(Unaudited) June 30, 2025 and 2024

For the three months ended June 30, 2025

	Innovotech	Keystone	Total Reconciling Segments	Items	Consolidated Total
Revenue					
External revenue	596,251	388,076	984,327	-	984,327
Inter-segment revenue	-	-	-	-	-
Total revenue	596,251	388,076	984,327	-	984,327
Segment profit	(337,638)	113,936	(223,702)	(17,497)	(241,199)

7 Intangible assets

On April 11, 2025, the Company acquired all the identifiable intangible assets from a Canadian private corporation for a cost of \$5,000. The Company elected to apply the concentration test under IFRS 3 Business Combinations and determined the acquisition represented an asset acquisition. It assessed that the fair value of the assets being purchased upon exercise are concentrated in the customer list being acquired. The Company assigned a useful life of 10 years to the customer list.

8 Subsequent events

a) Termination

On July 7, 2025, two executives departed from the Company. An estimate of the termination benefit payable is included in accounts payable and accrued liabilities.

b) Sale of long-term investment

On July 7, 2025, the Company received \$550,036 (US\$402,926) for its share in the sale of a privately held Canadian corporation. The sale was effective on July 1, 2025. A further US\$33,339, valued at approximately CAD\$45,000, is held back for working capital adjustments and indemnity to the parties. This amount is expected to be received in six month increments over the next eighteen months.

c) Stock options

On July 9, 2025, the Company granted to directors 350,000 stock options at an exercise price of \$0.33 with an expiry date of July 8, 2030. These stock options vested immediately.

9 Reclassification of comparative figures

During the year ended December 31, 2024, the Company reviewed its financial statement presentation and made certain adjustments to the classification of prior period balances to conform to the current year's financial statement presentation. These reclassifications were made to improve the consistency and clarity of the financial information and better align with the Company's current accounting policies and presentation.