




Management Discussion and Analysis
(Expressed in Canadian Dollars)

Innovotech Inc.

Three- and Six-months Ended 30 June 2025 (as of 19 August 2025).



MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Condition and Results of Operations for the Three- and Six-months Ended 30 June 2025 (as of 19 August 2025).

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, services and pricing; availability and cost of raw materials; 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; and the impact of the adoption of new accounting standards on the Company's financial results.

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.

Contents

| | |
|--|----|
| Contents | 3 |
| OVERVIEW OF THE BUSINESS | 4 |
| BUSINESS STRATEGY | 4 |
| Q2-2025 EVENTS | 5 |
| Business Updates | 5 |
| Subsequent Events | 6 |
| PERFORMANCE IN THE FISCAL YEAR-TO-DATE AND QUARTER, ENDING JUNE 30, 2025 | 6 |
| Financial Results to June 30, 2025 | 6 |
| YTD 2025 Summary | 6 |
| Year-To-Date Revenue & Gross Profit | 7 |
| Year-To-Date Operating Expenses & Net Income | 7 |
| Q2 Revenue & Gross Profit | 8 |
| Q2 2025 Summary | 8 |
| Q2 Operating Expenses & Net Income | 8 |
| EBITDAS | 8 |
| Year-To-Date EBITDAS | 9 |
| Q2 EBITDAS | 9 |
| Segments | 9 |
| Year-To-Date Segmented Reporting | 9 |
| Q2 Segmented Reporting | 10 |
| Assets, Liabilities & Shareholders' Equity | 10 |
| Assets, Liabilities and Shareholders' Equity | 10 |
| Liquidity & Capital Resources | 10 |
| Selected Quarterly Financial Information | 11 |
| Contractual Obligations | 11 |
| Share Capital | 11 |
| Outstanding Stock Options | 11 |
| Warrants | 11 |
| OUTLOOK | 11 |
| Research and Development | 12 |
| Risk Management | 13 |
| Geopolitical Risk | 13 |
| Currency Risk | 14 |
| Credit Risk | 14 |
| Liquidity Risk | 14 |
| SIGNIFICANT ESTIMATES & CRITICAL JUDGEMENTS | 14 |

The following Management Discussion and Analysis (MD&A) of results of operations and financial position as of June 30, 2025, should be read in conjunction with the unaudited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year-to-date and quarter ended June 30, 2025, and the related notes thereto. This MD&A is provided by management using information available up to August 19, 2025. 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.sedarplus.ca, or at www.innovotech.ca

OVERVIEW OF THE BUSINESS

Innovotech Inc. (the “Company”, “IOT”) is a diversified technologies company with business activities in microbiology and chemistry services, the production and sale of laboratory consumable products, and the development and commercialization of new technologies. The Company is organized into operating subsidiaries based on different industry verticals, analytical methods, quality systems, and certifications. Innovotech Labs Corporation (“ILC”) has well-established offerings in antimicrobial contract services and is the preferred vendor for several global medical device companies. The Company’s Keystone Labs subsidiary (“KLI”) is a boutique analytical and microbiology services organization, operating in the pharmaceutical, industrial and biotechnology sectors. The Company owns a 60% interest in NouLife Sciences Inc. (“NSI”), a company that owns intellectual property for linked anti-oxidant molecules commonly used in skin care and in the treatment of certain medical conditions. Innovotech Inc. is a public company listed on the TSX Venture Exchange under the trading symbol IOT. Its registered office and laboratories are at 2011-94 St NW, Suite L131, Edmonton, Alberta, Canada.

BUSINESS STRATEGY

The Company aims to grow as a diversified technologies company, leveraging global client relationships and deep expertise in microbial contract research and analytical testing services, and to expand through corporate acquisitions, internal sales efforts and targeted R&D yielding commercial outcomes.

The Company is a leader in a niche market related to testing and qualifying medical devices such as catheters, implants, and other products for their susceptibility to, or resistance to, the formation of microbial biofilms. Innovotech has methodologies, equipment, and over twenty years of experience that give it certain proprietary advantages and efficiencies. The Company’s Innovotech Labs Corporation (“ILC”) subsidiary 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) and designs and executes custom tailored testing for client-developed medical devices.

Through its Keystone Labs subsidiary, Innovotech aims to expand microbial and analytical chemistry services across the Canadian marketplace. The Company has developed a strong foothold in western Canada with a Drug Establishment License and a reputation for client satisfaction. Leveraging relationships with regulatory consultants and pharmaceutical supply chain professionals, the Company will continue to pursue opportunities to educate clients on regulations and to follow up support with required services such as environmental monitoring and product stability testing.

Innovotech also manufactures and sells several types of its MBEC Assay® Kits, which keeps its name in the forefront of antimicrobial research and medical device testing. The association of the kits with its contract research services contributes effectively to Innovotech's contract research marketing efforts. The Company applies proprietary coatings on kits tailored to specific laboratory testing requirements.

The Company has an intellectual property portfolio that includes a family of silver periodate antimicrobial compounds marketed as InnovoSIL™ silver. The active R&D program aims to secure commercial partners for InnovoSIL™ silver, develop and validate new test methods for use in contract research, develop new antimicrobials, and develop new products in the MBEC Assay® Kit line.

Q2-2025 EVENTS

Business Updates

During the second quarter, the Company had the opportunity to acquire intangible assets from long-running BDS Microbial Services Inc., a Saskatchewan-based company providing microbial testing and analytical services for local industries. After acquiring the intangible assets, Innovotech has continued serving the former BDS clients through its KLI division. The acquisition has expanded Innovotech's service offering and has already contributed meaningfully to the revenues of the KLI division.

ILC has continued supporting clients engaged in long-term projects. Some client-driven delays have temporarily impacted revenues, shifting certain workloads into future periods. However, the scale of these projects is expected to continue for several quarters.

Recent R&D has focused on validating Innovotech's encrustation testing method. A [white paper](#), published by Boston Scientific in 2021, highlighted Innovotech's work with Tria™ Soft ureteral stents. The company now offers advanced anti-adherence and anti-encrustation testing for devices such as urinary catheters and ureteral stents and maintains a large inventory of relevant urinary microbes.

Innovotech staff participated in the American Society for Microbiology 'Microbe' conference in Los Angeles in June, as well as the Symposium on Advanced Wound Care Spring Conference, engaging with current and prospective clients and staying abreast of emerging industry trends.

Subsequent Events

The Company received \$550,562 following the disposition of its position in a privately held Canadian company. Innovotech first acquired the shares in February 2021 at a value of \$150,000, and had most recently (December 31, 2024) valued the shares at \$499,200 in its annual financial statements. The fair value gain was recognized in Q2-2025 with the core agreements signed before the period end, and final paperwork and cash flow occurring early in July.

Innovotech parted ways with two long-serving executives in early Q3, however severance packages were recognized in Q2-2025, reflecting the timing of commitments made. Re-organization of team roles will create a tighter integration between divisions Innovotech Labs and Keystone Labs and are intended to streamline operational efficiencies and better connect on-going client opportunities with strategic growth.

The Company welcomed Arden Tse to the board of directors. Mr. Tse is an Edmonton-based venture capital investor with over 20 years of diverse investment management experience. He currently leads Yaletown Partners' early-stage technology investments in Alberta through the Accelerate Funds II to IV, specializing in identifying high-potential startups in life sciences and tech. Mr. Tse holds a BSc and an MBA in Finance from the University of Alberta and is a certified Executive Coach through Royal Roads University.

PERFORMANCE IN THE FISCAL YEAR-TO-DATE AND QUARTER, ENDING JUNE 30, 2025

Financial Results to June 30, 2025

YTD 2025 Summary

Revenues continue to show strong improvements year over year. Year-to-date revenues are \$2,142,512, versus \$712,563 in 2024, nearing full year 2024 revenues of \$2,194,471. The Company recorded a net and comprehensive loss of \$177,676 (2024 - \$217,018). A substantial contributor was the one-time expense for executive severance pay at \$213,263, and without this, the Company would have posted a positive net and comprehensive income.

Services revenues continue to dominate, although product sales have increased by 42.86% year over year (YTD). Product sales consist of MBEC Assay® kits with worldwide sales to academic, industrial, and government agencies. Other revenue, present in 2024, but not in 2025, represents revenue generated for collaborating with external parties for feasibility or

development agreements for InnovoSIL™ antimicrobial silver technologies. Interest remains strong in the opportunity, but there are currently no agreements generating revenue.

Marketing and business development expenses have increased due to greater activity at tradeshow and conferences and dedicated personnel.

Research and development expenses are also higher YTD at \$296,766 versus \$94,910 in 2024. Several non-repayable contributions from government sources contributed close to 50% (\$143,532) to offset these costs.

The fair value changes of \$94,665 (2024 - \$4,412) reported primarily are from the gain on the long term investment.

Year-To-Date Revenue & Gross Profit

| | 2025 (\$) | 2024 (\$) | Change (%) |
|------------------|-----------|-----------|------------|
| Services revenue | 2,008,091 | 537,022 | 274 |
| Product sales | 134,421 | 94,092 | 43 |
| Other revenue | - | 81,449 | (100) |
| | 2,142,512 | 712,563 | 201 |
| Cost of sales | 996,928 | 444,731 | 124 |
| Gross profit | 1,145,584 | 267,832 | 328 |
| Gross profit (%) | 53.5% | 37.6% | |

Year-To-Date Operating Expenses & Net Income

| | 2025 (\$) | 2024 (\$) | Change (%) |
|-------------------------------------|-----------|-----------|------------|
| General and administrative | 1,205,030 | 411,021 | 193 |
| Marketing and business development | 50,111 | 16,595 | 202 |
| Research and development | 296,766 | 94,910 | 213 |
| Grants and tax credits | (143,532) | (30,347) | 373 |
| | 1,408,375 | 492,179 | 186 |
| Finance income | 5,685 | 2,917 | 95 |
| Finance expenses | (15,861) | - | - |
| Fair value changes | 95,291 | 4,412 | 2,060 |
| Net finance income (expense) | 85,115 | 7,329 | 1,061 |
| Net and Comprehensive income (loss) | (177,676) | (217,018) | (18) |

Q2 2025 Summary

Q2 Revenue & Gross Profit

| | 2025 (\$) | 2024 (\$) | Change (%) |
|------------------|-----------|-----------|------------|
| Services revenue | 907,957 | 268,277 | 238 |
| Product sales | 76,370 | 48,861 | 56 |
| Other revenue | - | 81,449 | (100) |
| | 984,327 | 398,587 | 147 |
| Cost of sales | 459,973 | 223,327 | 106 |
| Gross profit | 524,354 | 175,260 | 199 |
| Gross profit (%) | 53.3% | 44.0% | |

Q2 Operating Expenses & Net Income

| | 2025 (\$) | 2024 (\$) | Change (%) |
|-------------------------------------|-----------|-----------|------------|
| General and administrative | 736,281 | 229,314 | 221 |
| Marketing and business development | 30,133 | 9,353 | 222 |
| Research and development | 208,257 | 67,500 | 209 |
| | (119,710) | (15,176) | 689 |
| | 854,961 | 290,991 | 194 |
| Finance income | 2,390 | 914 | 161 |
| Finance expenses | (7,647) | - | - |
| Fair value changes | 94,665 | - | - |
| Net finance income (expense) | 89,408 | 914 | 9,682 |
| Net and Comprehensive income (loss) | (241,199) | (114,817) | 110 |

EBITDAS

This MD&A makes reference to “EBITDAS”, which is a non-GAAP financial measure. EBITDAS is defined as net income (loss) before interest, income taxes, depreciation, and amortization and stock-based compensation. Management believes EBITDAS is a useful measure to assess the Company’s operating performance as it provides a more consistent basis for comparison between periods by excluding items that are not reflective of the Company’s underlying business operations. EBITDAS is not a standardized financial measure under IFRS and may not be comparable to similar measures disclosed by other issuers. This measure should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. A reconciliation of EBITDAS to net income (loss), the most directly comparable financial measure disclosed in the financial statements, is provided below.

Year-To-Date EBITDAS

| | 2025 (\$) | 2024 (\$) |
|-------------------------------|-----------------|------------------|
| Net Income | (177,676) | (217,018) |
| Depreciation and amortization | 82,850 | 29,761 |
| Share-based compensation | 5,829 | 14,309 |
| Finance expense | 15,861 | - |
| Finance income | (5,685) | (2,917) |
| EBITDAS | (78,821) | (175,865) |

Q2 EBITDAS

| | 2025 (\$) | 2024 (\$) |
|-------------------------------|------------------|-----------------|
| Net Income | (241,199) | (114,817) |
| Depreciation and amortization | 51,543 | 15,469 |
| Share-based compensation | 2,931 | 14,309 |
| Finance expense | 7,647 | - |
| Finance income | (2,390) | (914) |
| EBITDAS | (181,468) | (85,953) |

Segments

The Company operations are segmented into operating divisions reported as Innovotech Labs and Keystone Labs.

Year-To-Date Segmented Reporting

| | Innovotech (ILC) | Keystone (KLI) | 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) | (103,929) |
| 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 |

Q2 Segmented Reporting

| | Innovotech (ILC) | Keystone (KLI) | Total Segments | Reconciling 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) |

Assets, Liabilities & Shareholders' Equity

The Company has a strong balance sheet with \$3,195,953 in total assets, down from \$3,219,930 in Q4-2024. Continuing investments in capital equipment support the expanded services revenues. The Company has no term repayable debt and long-term liabilities are comprised of contingent consideration payable to former Keystone Labs Inc. shareholders for achieving certain revenue and profit targets until Q4-2027. The Company's clients typically pay in 30-90 days. Shareholders' equity decreased 6% this YTD to \$2,466,034.

Assets, Liabilities and Shareholders' Equity

| Balance As Of | June 30, 2025 | December 31, 2024 | Change (%) |
|-------------------------------------|------------------|----------------------|------------|
| Current assets | 1,544,750 | 1,676,950 | (8) |
| Property, plant and equipment | 545,992 | 500,756 | 9 |
| Intangibles assets | 511,346 | 543,024 | (6) |
| Long term investments | 593,865 | 499,200 | 19 |
| Total assets | 3,195,953 | 3,219,930 | (1) |
| Current liabilities | 596,156 | 421,025 | 42 |
| Non-current liabilities | 133,763 | 175,774 | (24) |
| Total liabilities | 729,919 | 596,799 | 22 |
| Shareholders' equity | 2,466,034 | 2,623,131 | (6) |
| Total liabilities and equity | 3,195,953 | 3,219,930 | (1) |

Liquidity & Capital Resources

As of June 30, 2025, the Company continues to maintain a healthy balance sheet with current assets of \$1,544,750 and current liabilities of \$596,156, resulting in working capital of \$948,594. The Company is adequately funded to conduct its business and to meet its obligations as they come due, in the ordinary course of business.

Selected Quarterly Financial Information

| Period | 2025 | | 2024 | | | | 2023 | |
|---|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Revenue | 984,327 | 1,158,185 | 1,045,837 | 436,071 | 398,587 | 313,976 | 341,106 | 174,811 |
| Net income (loss) and comprehensive income (loss) | (241,199) | 72,099 | 453,073 | (21,300) | (114,817) | (102,201) | (195,941) | (117,546) |
| Earnings per share | (0.00) | 0.00 | 0.01 | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |

Contractual Obligations

Other than the contingent consideration from the Keystone Labs acquisition, the Company has no contractual obligations.

Share Capital

As at the date of this MD&A, there are 50,030,648 Class A common shares issued out of an unlimited number of Class A voting shares. During the quarter certain warrants and stock options were exercised to acquire common shares, resulting in an increase of \$21,933 (2024 – \$2,870) in share capital.

Outstanding Stock Options

The Company has a balance of options outstanding on June 30, 2025 of 1,730,000. Of these 1,474,521 are currently exercisable at a weighted average price of \$0.16.

Warrants

The Company completed a private placement on November 4, 2024, resulting in 4,423,076 warrants outstanding and exercisable at \$0.17 until November 6, 2025. To date, 157,500 warrants have been exercised.

OUTLOOK

The Company sees a strong continuation of its contract research and other services through 2025, driven by the momentum of several ongoing large client projects. The Company's activities to scale up capacity with additional personnel, lab space and equipment are well-positioned to support this sustained activity. A key effort will be

active promotion of new encrustation assay services, which is already generating strong revenues. Innovotech has high potential to become a market leader in this area.

The Company has also doubled its capacity for high-performance liquid chromatography (HPLC) analysis and new equipment was purchased in Q4-2024 but has been delayed in becoming operational until early in Q3. This expansion will enable more efficient completion of method development projects. In addition, the installation of a new stability chamber has increased capacity for stability studies. Together, these enhancements create a cycle of growth that supports long-term customer retention: method development projects seamlessly transition into stability studies with additional analytical testing and, upon completion, advance into routine testing during product manufacturing.

The Company is also exploring more direct commercialization of InnovoSIL™ silver and is researching product opportunities and go-to-market plans to supplement the existing strategy of collaborating on product development and licensing.

Research and Development

Innovotech is continuing a focused program of R&D to expand the lines of products and services available to clients.

Development of InnovoSIL™-1 silver continued over Q2-2025 with support from the AICE-Validates funding. Testing towards better understanding InnovoSIL™-1 silver's unique mechanisms of action was successful. As well, elution profiles and stability testing of optimized processes for coating onto wound dressing materials and soft polymers was ongoing. Initial trials involving 3D printing with InnovoSIL™-1 silver incorporated into the resin were successful, and optimization is underway, which will be followed by characterization of 3D printed resins containing InnovoSIL™-1 silver, including elution profiles, stability testing, and antimicrobial testing. Also during Q2-2025, novel techniques were trialed for coating InnovoSIL™-1 silver onto metals, and a collaboration for development of additional coating methods for various surfaces of interest was continued.

In Q2, Innovotech Labs received support of up to \$30,000 CAD through the NRC IRAP Youth Employment Program to support the hiring of a young graduate to work on development of additional members of the InnovoSIL™ family. These soluble high oxidation state silver compounds share many of the advantages of InnovoSIL™-1 silver, but will be effective in situations where having a higher solubility antimicrobial is beneficial, such as applications using sprays, wipes, and flushes.

Innovotech also continued its support to collaborators in their progress towards inclusion of InnovoSIL™-1 silver in their product lines.

Innovotech continued its efforts directed towards the development and validation of additional customizable test methods that can be offered to its contract research clients, focusing significant effort on expanded capabilities with anti-encrustation assays. Encrustation of mineral salts on urinary catheters results in either blockage of fluid flow, if it occurs on the interior of catheters, or irritation, if it occurs on the exterior of the catheter, necessitating replacement of the catheter in either situation. Encrustation is enhanced by the presence of certain microorganisms and, therefore, methods involving both sterile and inoculated test surfaces, using clinically relevant flow rates, are offered at Innovotech. Work in Q2 continued on more ruggedness testing of the encrustation assay, which is now complete and initial validation of static and dynamic intraluminal models was performed. Work will continue into Q3 2025, focusing on extending further validations, and additional work with clinically relevant strains of microorganisms, allowing Innovotech to expand its service offerings in this field. Innovotech also continued internal validation of additional standard test methods that can be offered to clients via its contract research.

As described earlier, ILC is receiving advisory services and research and development funding of up to \$150,000 CAD from NRC-IRAP to support the development of new antimicrobial testing services for use with medical devices such as catheters, implants, and wound dressings.

Innovotech is currently evaluating a new plate design that was developed at Duke University, to improve *in situ* imaging and study of certain biofilm formations with the MBEC Assay® test method. Additional trials with regards to their biofilm formation supporting capabilities were completed in Q1-2025, and the evaluation period was extended to allow for subsequent testing that will focus on the imaging capabilities of these designs.

Risk Management

Innovotech recognizes geopolitical risk, 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 while maintaining optionality in the Company's operations.

Geopolitical Risk

Recent events from the US government, specifically a dramatic shift in the tone of Canadian-US relations and the application of wide-ranging tariffs for many countries, have sent turmoil and confusion around the world. As of the writing of this MDA, Innovotech's business has not been directly impacted by the events. The Company will continue to monitor the situation and seek opportunities to leverage "made in Canada" sentiment and expand non-US revenues.

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 Canadian dollar revenue all other things being equal. 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 cash equivalents and trade and other receivables.

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 endeavours to mitigate credit risk to one half 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. Innovotech does not insure its credit risks.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages accounts payable and accrued liabilities against trade and other receivables and carries a balance of cash and cash equivalents to accommodate that. Innovotech's planned 2025 operational expenditures do not exceed its committed sources of funds and reasonably expected revenues. As of June 30, 2025, Innovotech's current assets were \$1,544,750 and its current liabilities were \$596,156.

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 property and 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 judgement, but are nonetheless subject to estimation risk.

Determining the fair value of stock options and warrants requires judgement 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 stock-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 June 30, 2025.

End.