

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Condition and Results of Operations for the Three and Twelve-months Ended December 31st, 2022 (as of April 25th, 2023)

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, service 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; 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.

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The following Management Discussion and Analysis (MD&A) of results of operations and financial position as of December 31st, 2022, should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year ended December 31, 2022, and the related notes thereto.

This MD&A is provided by management using information available up to April 25th, 2023. 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.sedar.com, or at www.innovotech.ca.

OVERVIEW OF THE BUSINESS

Innovotech Inc. was incorporated in 2001 under the Business Corporations Act of Alberta. The activities of the Company are sales of its products, contract research conducted for outside clients and research and development (R&D) to identify future products. The Company owns, sells, and uses proprietary assay kits used in growing microbial biofilms for research purposes. The Company's intellectual property includes a family of silver periodate antimicrobial compounds (InnovoSIL™) for medical applications, and a right to acquire a linked molecule to be tested for effective subdermal antioxidant delivery. The Company is a public company listed on the TSX Venture Exchange under the trading symbol IOT. Its registered office and laboratories are in Edmonton, Alberta, Canada.

BUSINESS STRATEGY AND MARKETING

The Company has two businesses: contract research, and production and sale of the MBEC Assay® Kit.

In its contract research business, the Company is a leader in a niche market related to testing and qualifying medical devices such as implants and other products for their susceptibility to, or resistance to the formation of microbial biofilms. Innovotech has methodologies, equipment, and twenty years of experience that give it certain proprietary advantages and efficiencies. Innovotech 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).” The Company designs and builds devices tailored to testing client-specific types of medical devices.

Innovotech manufactures and sells the MBEC Assay® “Kit”, a sort of Petri Dish for biofilms, which keeps its name in the forefront of research and medical device testing in regard to microbial biofilms as outlined above. The consistent revenues from global sales of the Kits help mitigate the volatility inherent in our contract research business. The association of the Kit with its contract research services contributes effectively to Innovotech's contract research marketing efforts. The Company applies proprietary coatings on Kits tailored to laboratory testing requirements.

The Company has pursued new contract research business by direct contact using e-mail and telephone communication supported by personal visits and conference attendances (paused during Covid-19) to maintain and expand the Company's clientele. Rising revenues in 2019 through 2021 indicate that this approach has been effective. Contributing to industry awareness of Innovotech's research capabilities is the Company's publishing from time-to-time of Open Access research papers authored by Innovotech's staff either alone or in partnership with other science-based organizations.

Innovotech has resumed research and development for its own account. The Company is working on a patented procedure to link two well-known antioxidants for better subdermal delivery in application of creams formulated for skin care and is furthering its work with silver as an anti-bacterial agent.

Innovotech is alert for participation in other related business activities and internal R&D targets while continuing to look for opportunities to diversify its business, extend its reach and increase its revenues. This strategy is supported by the Company's December 31st, 2022, long-term tax pools of \$7,074,000 which are available to reduce future net income for tax purposes.

2022 EVENTS

On January 21st, Innovotech reported that the Material Transfer and Collaboration Agreement with a global medical device company, regarding our InnovoSIL™-1 silver periodate antimicrobial compound announced on July 14, 2020, had been terminated. InnovoSIL™-1 silver's antimicrobial performance in terms of biocompatibility and antimicrobial activity was not a factor in the termination of the Agreement.

During the second quarter, regarding the Nou Life transaction (see below under About Nou Life Sciences Inc.) the Company achieved the linking of alpha-lipoic acid and L-carnitine into one molecule. The linking of the two molecules has been indicated by Nou Life to increase the beneficial properties of the separate molecules by improving their transdermal penetration.

During the 2022 year as advised in late 2021, Innovotech materially increased R&D expenditures to \$110,980, 3.2 times that of the prior year as detailed under Research and Development, below.

OVERALL PERFORMANCE IN THE FISCAL YEAR TO DECEMBER 31st, 2022

Operations during 2022 generated a loss of \$136,511 from revenues that were significantly lower than in 2021. The loss was not due to the reduced revenues alone but was increased by higher expensed R&D costs of \$110,980 *versus* \$34,888 and depreciation of \$114,165 *versus* \$70,895 in the prior year.

Otherwise, the Company maintained a strong balance sheet, continued development of the Nou Life Sciences Inc. initiative, confirmed stability of InnovoSIL™-1, and acquired new equipment that has added encrustation and flow loop testing of catheters to Innovotech's contract research services.

3 MONTH PERFORMANCE TO DECEMBER 31st, 2022 (Q4)

SUMMARY OF RESULTS:

Contract research fees declined 46.5% in Q4 to \$203,427 from \$380,069 in Q4 of the prior year period. Product sales fell 33% to \$45,627 from \$68,097. The sharply lower revenues were the principal cause of the net loss of \$83,409 for the quarter. R&D costs of \$57,701 and stock-based compensation costs of \$17,080 were significant contributors to the negative result offset by \$23,542 of government grants.

3 MONTH FINANCIAL RESULTS OF OPERATIONS TO DECEMBER 31ST, 2022 (Q4)

REVENUE & GROSS PROFIT

Period	Q4 2022	Q4 2021
Contract research fees	203,427	380,069
Product sales	45,627	68,097
Other revenue	-	8,053
Gross revenue	249,054	456,218
Cost of sales	82,445	108,163
Gross profit	166,609	348,055
Gross profit %	67%	76%

OPERATING EXPENSES & NET INCOME

Period	Q4 2022	Q4 2021
General & administrative	212,248	228,100
Sales & marketing	934	2,060
Research & development (including amortization)	57,701	2,495
Grants	(23,542)	-
Operating expenses	247,341	232,655
Interest (expense)	(773)	(4,383)
Interest income	(1,904)	5,665
Gain on fair value adj. to convertible deb.	-	85,995
Net income (loss)	(83,409)	202,677

TWELVE-MONTH PERFORMANCE TO DECEMBER 31ST, 2022

SUMMARY OF RESULTS:

Over 2022, the Company's contract research services revenue declined by 21.3% from \$1,129,261 to \$890,324, and sales of the MBEC Assay kit declined by 31.5% to \$219,252 from \$319,905. In the case of the decline in contract research volumes we believe that this reflects reduced R&D budgets within the Company's client base related to prevailing macro-economic uncertainty during the year. Regarding reduced MBEC plate sales, the Company believes that the inventory re-building that gave the Company record plate sales in 2021 was not repeated in 2022. The 50% decrease in Other Revenue is as a consequence of the termination of the Material Transfer and Collaboration Agreement referenced under 2022 Events, above.

Cost of sales as a percentage of gross contract research revenue increased by 2%, reducing gross margin to 75% from 77% in the prior year. In respect of product sales, however, gross margin declined to 42% from 66% largely due to a need to replace the mold required to make the MBEC Assay plates. Overall, gross margin declined to 69% from 75%.

Operating expenses were affected by 2022 cost-of-living salary increases from \$592,231 in the prior year to \$688,245 in the current year such that general and administrative expenditures increased by 2% to \$830,608 from \$813,714 despite the decline of 21.3% and 31.5% in contract services revenues and product sales, respectively.

As a result of increased costs combined with decreased revenues, Innovotech incurred a loss for the year of \$136,511. For a reconciliation of non-cash costs, see EBITDAS, below.

Throughout 2022, Innovotech continued to bring new abilities to its contract research platform supported by new equipment whilst also continuing further research on InnovoSIL™-1 silver as detailed under Research & Development, below.

TWELVE-MONTH FINANCIAL RESULTS OF OPERATIONS TO DECEMBER 31ST, 2022

REVENUE & GROSS PROFIT

Period	12 MO. 2022	12 MO. 2021
Contract research fees	890,324	1,129,261
Product sales	219,252	319,905
Other revenue	16,237	32,601
Gross revenue	1,125,813	1,481,767
Cost of sales	346,304	363,153
Gross profit	779,509	1,118,614
Gross profit %	69%	75%

OPERATING EXPENSES & NET INCOME

Period	12 MO. 2022	12 MO. 2021
General & administrative	830,608	813,714
Sales & marketing	1,912	2,060
Research & development	110,980	34,888
Grants	(23,542)	-
Operating expenses	919,958	850,662
Interest (expense)	(5,016)	(4,383)
Interest income	8,954	17,566
Gain on fair value adjustment of convertible deb.	-	85,995
Net income (loss)	(136,511)	367,130

EBITDAS

EBITDAS, or earnings before interest, taxes, depreciation, amortization, and stock-based compensation, is not a Generally Accepted Accounting Principle (GAAP); but it is a useful measure of comparative operational performance over quarterly and annual time periods. In Innovotech's case, EBITDAS and cash flow (also not a GAAP term) are virtually the same thing on account of having no debt on which interest is paid and being able to access prior year's losses to reduce net income for tax purposes.

Period	12 MO. 2022	12 MO. 2021
Earnings	(136,511)	367,130
<u>Before:</u>		
Depreciation and amortization	114,165	70,895
Gain/loss on disposal of equipment	-	-
Interest expense (income)	5,016	4,383
Interest income	(8,954)	(7,852)
Stock-based compensation	17,089	46,072
Gain on fair value adjustment of convertible deb.	-	(85,995)
EBITDAS	(9,195)	394,633

ASSETS, LIABILITIES & SHAREHOLDERS' EQUITY

Shareholders' equity declined by \$119,422 to \$1,057,508 from the prior year value consistent with the loss during the 2022 year. Long-term liabilities comprise the lease liability is nil down from \$37,034 in 2021 because the lease of the Company's laboratory and office facilities is to be renegotiated in May, 2023.

Innovotech spent \$66,058 on laboratory equipment in 2022, up from \$55,538 in 2021.

Period	Dec. 31 st , 2022	Dec. 31 st , 2021
Current assets	826,001	993,530
Property & Equipment	186,802	229,443
Investment	210,000	-
Convertible Debenture	-	210,000
Total assets	1,222,803	1,432,973
Current liabilities	165,295	219,009
Long-term liabilities	-	37,034
Total liabilities	165,295	256,043
Shareholders' equity	1,057,508	1,176,930

LIQUIDITY & CAPITAL RESOURCES

The Company continues to maintain a strong balance sheet with a cash position of \$469,068, trade and other receivables of \$197,758, no debt, and marketable securities in the amount of \$81,643 in the form of TSX listed debentures as outlined below.

Amount (\$)	Debenture	Maturity	Price	Annual Income (\$)
25,000	Exchange Income 5.25%	15 Jan, 2029	99.70	1,050
25,000	Rogers Sugar 5%	31 Dec, 2024	98.80	1,250
30,000	Slate Office REIT 9%	28 Feb, 2026	95.00	2,700

Including the above, the Company had working capital of \$660,706, and as Innovotech has no formal debt, the Company is therefore adequately funded to conduct its business and to meet its obligations in the ordinary course of business as they come due.

In long-term assets, in addition to property and equipment, the Company owns 120,000 shares of CanBiocin Inc. resulting from conversion of a \$150,000 CanBiocin convertible debenture on April 14th 2022. See About CanBiocin, below.

OUTLOOK

Innovotech is unable to accurately gauge the longer-term effects of the COVID-19 pandemic on operations of the Company. However, the Company has stayed fully operational during the pandemic and will use its best efforts to continue to do so. See "Covid-19 risk" under Risk Management. As detailed in the discussion above under Results of Operations, Innovotech's revenues declined in 2022 after three years of 20% annual increases. The Company continues to look for ways to increase annual revenues, but in the 2022 year was unsuccessful in that regard.

Innovotech's recently renewed proprietary research and product development initiatives have generated increasing costs in expensed R & D and that will continue during the current year.

On that note, the Company continued work on the linked molecules comprising the Nou Life Sciences patent. And expects to close the earn-in agreement described below in the current year.

The Company believes that the CanBiocin investment, now comprised of 120,000 shares, holds considerable future promise as that company's focus on probiotics for animals continues to lead to higher revenues from product sales.

Innovotech continues to be involved in partner collaborations on new applications for InnovoSIL™-1 silver following on signed 2021 non-disclosure and material transfer agreements. None have yet developed into the more advanced collaboration agreement stage.

The Company is aware of its need to grow its revenues and is alert to opportunities to expand the business through acquisition, investment, new contract research offerings, and product partnerships in respect of InnovoSIL™-1 silver.

EVENTS SUBSEQUENT TO DECEMBER 31ST, 2022

Through a note signed April 14th, 2023, and effective August 18th, 2022, Innovotech and Nou Life Sciences Inc. agreed to extend term of the Nou Life earn-in agreement to August 18th, 2023.

SELECTED QUARTERLY FINANCIAL INFORMATION

2022	Q4, 2022	Q3, 2022	Q2, 2022	Q1, 2022
	\$	\$	\$	\$
Gross revenue	249,054	340,527	259,584	276,648
Net income (loss)	(83,409)	41,692	(62,507)	(32,287)
Income (loss) per share	(0.00)	0.00	(0.00)	(0.00)
Assets	1,222,803	1,258,489	1,325,197	1,337,317
Liabilities	165,295	134,661	243,061	192,674
Shareholders' equity	1,057,508	1,123,828	1,082,136	1,144,643

2021	Q4, 2021	Q3, 2021	Q2, 2021	Q1, 2021
	\$	\$	\$	\$
Gross revenue	456,218	236,757	480,217	308,575
Net income (loss)	202,677	(21,472)	163,690	22,235
Income (loss) per share	0.005	(0.0005)	0.004	0.0006
Assets	1,432,973	1,110,466	1,081,367	964,144
Liabilities	256,043	167,092	116,520	178,181
Shareholders' equity	1,176,930	943,374	964,847	785,963

2020	Q4, 2020	Q3, 2020	Q2, 2020	Q1, 2020
	\$	\$	\$	\$
Gross revenue	381,615	351,476	333,904	126,387
Net income (loss)	6,423	93,218	121,974	(115,298)
Income (loss) per share	0.0002	0.002	0.003	(0.003)
Assets	822,440	878,107	379,109	238,882
Liabilities	177,462	302,004	266,596	256,093
Shareholders' equity	644,978	576,103	112,513	(17,211)

RESEARCH AND DEVELOPMENT

In 2022, Innovotech put significant effort into the development and validation of additional customizable test methods that can be offered to its contract research clients. This testing included development of a clinically relevant continuous flow system for anti-adherence testing of the internal catheter surface; refinement of a test method allowing anti-adherence testing to be performed simultaneously on the internal and external surfaces of medical devices, such as catheters; and the development of methods to assess anti-encrustation technology on both the internal and external surfaces of urinary catheters.

Encrustation on urinary catheters, by mineral salts, results in either blockage of fluid flow, if it occurs on the interior of catheters, or irritation, when present on the outer surface, necessitating replacement of the catheter. Encrustation is enhanced by the presence of certain microorganisms, and therefore methods involving both sterile and inoculated test surfaces, using clinically relevant flow rates, were developed and improved. Ongoing refinement of test methods that allow for simultaneous anti-adherence testing of internal and external surfaces of medical devices such as catheters was performed to ensure sterility can be maintained throughout testing and allow for appropriate test article dimensions.

Finally, Innovotech continued to develop and validate methods for testing catheter site draping and wound dressings of various physical properties, simulating skin conditions at the catheter insertion site, resulting in two distinct methods being developed. Other tests were performed as needed in order to develop custom platforms for specific clients.

The Company is also working on a patented procedure to link two well-known antioxidants for better subdermal delivery in creams formulated for skin care. Work in 2022 focused on selecting appropriate linkers, with desirable properties such as biocompatibility and stability, modifying them, developing methods to link the two target molecules using those linkers, and initial evaluation of the resulting conjugated molecules.

Innovotech is furthering its work with silver as an antimicrobial agent. In 2022, Innovotech completed biocompatibility testing of InnovoSIL™-1 silver. Innovotech also continued testing related to InnovoSIL™-1 silver storage stability and determined that InnovoSIL™-1 silver is compatible with a variety of sterilization methods, including autoclaving, dry heat, electron beam, and gamma ray sterilization processes. As well, Innovotech performed preliminary work examining the impact of InnovoSIL™-1 silver gels on *C. difficile* spores. Work was also performed to reduce the quantities of components used to manufacture InnovoSIL™-1 silver, followed by initial steps to scale-up the manufacturing process using the updated methods. Innovotech also continued to support collaborators in their progress towards inclusion of InnovoSIL™-1 silver in their product lines.

Due to changes in availability of certain materials for sterilization, Innovotech purchased a new ethylene oxide cabinet and also prepared to send MBEC Assay® Kits for electron beam treatment. This required validation of appropriate parameters to use both with the cabinet and with electron beam treatment to ensure that the products were unaffected.

ABOUT CANBIOCIN INC.

CanBiocin is a spin-off from the University of Alberta, and first commercialized Micocin®, a probiotic metabolite used to inhibit the growth of *Listeria monocytogenes* in processed meat products. CanBiocin receives annual royalties on sales of Micocin®. In 2016, CanBiocin turned its R & D focus toward probiotics targeted at improving the health of companion animals. In 2018 it began to commercialize its probiotics. CanBiocin is now a global leader in species-specific companion animal and livestock probiotic development. With a mission to build health from the inside out, the company targets overall microbiome health to support all animal body systems and functions. As of the date of this MD&A, Innovotech holds 120,000 CanBiocin shares.

Today, CanBiocin's premium canine probiotics, other companion animal probiotic lines, and avian and animal livestock probiotics help owners to care for their pets and global feed companies to fill their customers' needs. CanBiocin has a rapidly growing list of customers in both North America and internationally and can be found online at www.canbiocin.ca.

ABOUT NOU LIFE SCIENCES INC.

The Company has the right, but not the obligation to earn a 60% interest in the issued capital of Nou Life Sciences Inc. by spending \$100,000 prior to an amended date of August 18th, 2023 on development of the Nou Life patent. The Nou Life patent rests on the linking of alpha-lipoic acid and L-carnitine into one molecule. Lipoic acid and Carnitine are well known antioxidants that have applications in health care related to skin products. The linking of the two molecules has been indicated by Nou Life to increase the beneficial properties of the separate molecules by improving their transdermal penetration, which is necessary to perform subdermal antioxidant activity toward a healthier skin. The objective of the earn-in Agreement is to confirm performance of the linked molecules toward a more effective antioxidant in skincare applications. Innovotech's research and testing of the linked molecules will seek to confirm that they improve function in skin treatment sufficiently to encourage their use in nutraceutical and cosmetic applications. Innovotech will also investigate the indicated extent of the molecule's skin penetration in anticipation of a positive effect on nerve cell reinvigoration for treatment of neuropathy.

The nature of the Nou Life transaction enables the Company to control the pace and extent of its investment in a manner that reduces the inherent risk in developing new technology.

CONTRACTUAL OBLIGATIONS

None.

SUMMARY OF INNOVOTECH SHARES ISSUED FROM TREASURY DURING 2022

None.

OUTSTANDING SHARE CAPITAL

As at the date of this MD&A, there are 38,909,612 Class A common shares issued out of an unlimited number of Class A voting shares.

OUTSTANDING STOCK OPTIONS

Innovotech granted 125,000 director's stock options on October 11th 2022 exercisable at \$0.16 for a period of 5 years to October 11th, 2027. During the 2022 year, 393,000 stock options expired unexercised or were forfeited. The result of the issuance and expiry is that there are 1,557,000 incentive stock options outstanding as of December 31st, 2022.

GEOGRAPHIC SALES INFORMATION

	Twelve-month period ended	
	Dec. 31 st 2022 \$	Dec. 31 st 2021 \$
Canada	31,722	61,050
United States	957,788	1,243,581
Rest of World	136,303	177,136
	1,125,813	1,481,767

RELATED PARTY TRANSACTIONS

Lonsdale Capital Corporation (Lonsdale) is a related party by virtue of owning a 33.8% interest in the Company. Lonsdale participated in the 1,875,000-share unit offering that closed September 2nd, 2020, acquiring 528,000 units comprised of 528,000 shares and 264,000 share purchase warrants. Alan Savage is a director and shareholder of the Company and owns 100% of Lonsdale Capital.

In February 2021, the Company acquired a \$150,000 8% convertible debenture of CanBiocin Inc from Lonsdale for its face value of \$150,000 payable by the issuance of 625,000 shares of Innovotech at \$0.24.

David S. Tam is a related party by virtue of being a director and shareholder of the Company. Mr. Tam is also the Company's legal counsel. In that capacity, the Company paid Mr. Tam's firm, Parlee McLaws LLP \$27,084 for legal assistance and regulatory matters during the 2022 year.

David S. Tam is also a director and shareholder of Nou Life Sciences Inc. with which company the Company entered into an earn-in agreement on August 17th, 2020, described elsewhere in this MD&A

Bernard Grobbelaar is a related party by virtue of being a director of the Company. Mr. Grobbelaar is also the Company's accountant. In that capacity, Mr. Grobbelaar was paid professional fees of \$55,775 during the 2022 year.

Dr. James G Timourian is President of the Company. In that capacity he received \$17,437 of consideration by way of consulting fees in the 2022 year.

Craig Milne is a related party by virtue of being a director and shareholder of the Company. Mr. Milne is Chief Business Development Officer in which capacity he received \$Nil in 2022.

RISK MANAGEMENT

Innovotech recognizes 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.

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 endeavors to mitigate credit risk to ½ 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 2022 operational expenditures do not exceed its committed sources of funds and are manageable against the Company's expected revenues and expenses. As of December 31st, 2022, Innovotech's current assets were \$826,001, and current liabilities were \$165,295. Working capital was therefore \$660,706.

COVID-19 RISK:

In addition to the above financial risks, Innovotech is aware of risks attached to the COVID-19 pandemic. The COVID-19 outbreak has forced many businesses to close, leading to an unprecedented disruption of business in many sectors. Innovotech has put in place risk mitigation measures to separate people from each other through physical distancing including physical barriers. Innovotech requires that employees stay at home if feeling ill with possible symptoms of COVID-19 until criteria to discontinue isolation have been

met. In addition, The Company has posted highly visible signage to discourage employees/clients from entering the workplace unless they feel well. In addition to wearing medical masks in the workplace, management has provided increased access to hand sanitizer dispensers and established increased environmental cleaning and disinfecting protocols for employees' work environments.

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 December 31, 2022.

End.