

Management Discussion and Analysis
(Expressed in Canadian Dollars)

Innovotech Inc.

Three and Twelve-months Ended 31 December 2024 (as of 15 April 2025).

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Condition and Results of Operations for the Three and Twelve-months Ended 31 December 2024 (as of 15 April 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.

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The following Management Discussion and Analysis (MD&A) of results of operations and financial position as of 31 December 2024, should be read in conjunction with the audited financial statements of Innovotech Inc. ("Innovotech", "we", or "the Company") for the year ended 31 December 2024, and the related notes thereto. This MD&A is provided by management using information available up to 15 April 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 has well-established offerings in antimicrobial contract services and is the preferred vendor for several global medical device companies. The Company's newly acquired Keystone Labs subsidiary ("KLI") is a boutique contract research 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 newly formed 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 the recently acquired 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 follow up support with required services such as environmental monitoring and product stability testing.

Innovotech also manufactures and sells several types of laboratory consumables used for growing microbes, called MBEC Assay® Kits, which keeps its name in the forefront of research and medical device testing and antimicrobials. The consistent revenues from global sales of the kits help mitigate the volatility inherent in the contract research business. 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 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.

2024 EVENTS

Business Updates

Throughout 2024, the Company continued to make strategic investments in the capacity to scale the business. The focus on services requires that staff are well trained, equipment is available and calibrated within tolerance, and there is adequate physical space to house operations. Hiring is a leading indicator of growth and the Company tripled its headcount from the end of fiscal 2023 to the end of fiscal 2024.

The Company primarily operates out of a multi-tenant biotechnology facility in Edmonton, Alberta. A new lease was signed with a term of 12 months (expiring July 2025) with two 2-year extension options. The lease was intentionally structured with these potential exit points as the Company expands, leaving the option to seek a more suitable physical space. In September 2024, the Company also signed a lease addendum securing an additional 1,502 square feet of laboratory space for MBEC Assay® Kits production and continued R&D activities with InnovoSIL™-1 silver.

During Q3-2024, the Company disclosed a non-binding letter of intent to purchase Keystone Labs Inc. ("KLI"). Subsequently, a definitive share purchase agreement was signed on October 19, 2024 to acquire 100% of the equity in KLI, with the deal closing November 1, 2024. The Company financed this event through a non-brokered private placement offering. Investors purchased 8,846,152 units comprising one common share at \$0.13 and one half-warrant. Each whole warrant entitled the holder to purchase one additional ordinary share of the Company at an exercise price of \$0.17 per share, exercisable until November 6, 2025. The private placement was initially authorized by the Board of Directors to raise \$1,000,000, but strong interest in the opportunity led to an oversubscription, bringing in \$1,150,000.

KLI operates as a wholly-owned subsidiary of Innovotech Inc. and financial reporting, per IFRS, is reported on a consolidated basis. KLI contributed to the financial performance of the Company for November and December 2024. During these months, management was focused on integrating systems, procedures and cultures.

The Company had several noteworthy site inspections and audits throughout 2024. Three independent client visits fostered deeper collaborative efforts on complex projects as well as verifying the quality systems and procedures in place. An inspection from the Canadian Food Inspection Agency in March 2024 resulted in a Plant Pest Containment Level 1 Compliance Letter with no findings. CALA audited Innovotech as a part of the biannual accreditation of ISO 17025.

The Company was also awarded a contribution agreement from NRC-IRAP for \$75,000 to support new technical hires covering the period April 2024 through March 2025, with a project entitled, "Encrustation testing services for catheter medical device companies". The Company continued working on R&D milestones for the project with the short title, "Use of antimicrobial silver in medical devices", funded from the Alberta Innovates AICE - Validate program. The Company completed development of proprietary manufacturing methods to produce InnovoSIL™-1 silver at a larger scale while maintaining purity, specialized material properties, and yield, in addition to studies on applications and methods of use. Collaborators are engaged in feasibility work using InnovoSIL™-1 silver in combination with their products. The Company also evaluated a new plate that was developed at Duke University to improve *in situ* imaging and study of certain biofilm formations with the MBEC Assay® test method.

SUBSEQUENT EVENTS

One client has issued a substantive purchase order to expedite work on their projects for 2025. The agreement is structured with an upfront payment and subsequent monthly invoicing. The agreement is cancellable, but payments received are non-refundable. The payment supports additional hiring for greater responsiveness to the particular client, and spare capacity may be redirected to internal R&D efforts. The value and the nature of the purchase order will remain confidential to protect the client identity and activity.

In January 2025, the Company added Mr. Brad Clark to the Board of Directors. Mr. Clark is a seasoned finance professional with over 15 years of experience, holding both Chartered Professional Accountant (CPA) and Chartered Business Valuator (CBV) designations.

The Company has also created an operating company, Innovotech Labs Corporation ("ILC" or "Innovotech Labs"), a wholly owned subsidiary. This new entity encompasses the Company's contract research, MBEC Assay® Kit production, and antimicrobial silver R&D activities. This development mirrors the structure established with Innovotech's other operating company, Keystone Labs Inc.

The Company signed a lease agreement, on month-to-month terms, in an adjacent building to expand our microbiology laboratory space for services and R&D purposes. The new space adds 1,390 square feet, bringing the total, including KLI's space and the main address to 13,089 square feet.

PERFORMANCE IN THE FISCAL YEAR TO 31 DECEMBER 2024

Top line revenue grew 86% year-over-year to \$2,194,471, up from \$1,182,632 in 2023. Net and comprehensive income for the year was \$214,755, up from a loss of \$157,582 in 2023. The Company ended the year with a strong balance sheet, \$3,219,930 in total assets (\$1,216,532 in 2023), and working capital of \$1,255,925. The Company has no term debt.

Total expenses, excluding other items, increased to \$2,146,362 in 2024 from \$1,562,303 in 2023 reflecting the increased head count and other growth-related costs. During the year, the company reviewed its classification and presentation of expenses with some changes to better align with management tracking. The resultant changes more accurately represent the position of the company and are presented in the associated financial statements for this period. For example, there are additional items included in Cost of Sales (e.g. allocation of laboratory lease expenditure) that were previously all recorded as G&A. There is no impact on the overall financial health of the company or net profitability reported.

Three Month Financial Results to 31 December 2024 (Q4)

Q4 Summary

Services revenues in Q4-2024 were \$984,393, more than 100% of the value achieved in all of fiscal 2023. \$209,132 was contributed by KLI for the two months, November and December, after the acquisition was completed. Much of the remaining \$775,261 resulted from several large contracts from clients ramping up testing activities with the Company.

Net and comprehensive income was further buoyed by \$169,200 in positive fair value changes in common shares owned as a long-term investment in a private corporation.

Q4-2024 Revenue & Gross Profit

Period	Q4 2024 (\$)	Q4 2023 (\$)	change (%)
Services revenue	984,393	294,526	234.2
Product sales	54,578	46,580	17.2
Other revenue	6,85	-	-
Gross revenue	1,045,836	341,106	206.6
Cost of sales	415,026	192,272	115.9
Gross profit	630,810	148,834	323.8
Gross profit	60.32 %	43.63 %	

Q4 Operating Expenses & Net Income

Period	Q4 2024 (\$)	Q4 2023 (\$)	change (%)
General & administrative	299,280	205,574	45.6
Sales & business development	23,623	6,727	251.2
Research & development	111,546	116,387	4.2
Grants	(97,395)	(7,995)	1118.2
Operating expenses	377,054	320,693	5.10
Interest expense	9,959	-	-
Interest income	76	1,039	(92.7)
Fair value changes	(169,200)	(140,890)	20.1
Net income (loss)	453,073	(48,155)	1040.86

Twelve Month Financial Results to 31 December 2024

12-Month Summary

The Company's services revenue nearly doubled to \$1,885,947 (from \$955,056 in 2023). \$209,132 was contributed by KLI for the two months, November and December, after the acquisition was completed and the balance, \$1,676,815 was from Innovotech's original contract research services. The Company's gross profit was 50.6%, up from 40.7% in 2023, likely due to the out-sized Q4-2024 revenues relative to fixed costs.

Sales of MBEC Assay® Kits in 2024 reached \$213,346, down 6.3% from 2023 and lower than the last 5-year average sales volumes. Other revenues, describing revenues related to collaborations utilizing Innovotech's intellectual property portfolio, were \$95,178 in 2024, up from \$0 in 2023.

The increased expenses in General and administrative as well as Sales and business development reflect the Company's continued investments in growth. Innovotech nearly doubled its 2023 headcount without taking into consideration employees added from KLI during the acquisition. \$202,290 was invested in new equipment during the year, expanding

capacity to do work and renewing some outdated equipment. Key items included purchasing a second ethylene oxide sterilization cabinet and abator, a new autoclave, biosafety cabinet, carbon dioxide incubator, refrigerator, HPLC, among others.

R&D expenses were up \$60,123 to \$276,661 for the year. Offsetting grants funded by Alberta Innovates (AICE – Validate Agreement Number 232403038) and NRC-IRAP (ARP – Project No. 1014200), previously announced, reduced the cost burden while enabling the company to invest in future service, product and technology offerings.

The Company posted Net and comprehensive income of \$214,755.

Annual Revenue & Gross Profit

12 months ended 31 December	2024 (\$)	2023 (\$)	change (%)
Services revenue	1,885,947	955,056	97.5
Product sales	213,346	227,576	6.3
Other revenue	95,178	-	-
Gross revenue	2,194,471	1,182,632	85.6
Cost of sales	1,084,280	700,811	54.7
Gross profit	1,110,191	481,821	130.4
Gross profit %	50.59%	40.74%	24.2

Operating Expenses & Net Income

12 months ended 31 December	2024 (\$)	2023 (\$)	change (%)
General & administrative	942,463	645,979	45.9
Sales & business development	66,560	40,409	64.7
Research & development	276,661	216,538	27.8
Grants and tax credits	(223,602)	(41,434)	439.7
Operating expenses	1,062,082	861,492	23.3
Finance income	2,993	12,756	76.5
Finance expenses	(9,959)	(557)	1688.0
Fair value changes	173,612	209,890	17.3
Net & comprehensive income (loss)	214,755	(157,582)	-

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 presently having no debt on which interest is paid and being able to access prior year's losses to reduce net income for tax purposes.

12 months ended 31 December	2024 (\$)	2023 (\$)	change (%)
Earnings	214,755	(157,582)	-
<u>Before:</u>			
Depreciation and amortization	61,643	78,264	21.2
Share-based compensation	49,635	27,173	82.7
Finance expense	9,959	557	1688.0
Finance income	(2,993)	(12,756)	76.5
EBITDAS	332,999	(64,344)	-

Geographic Sales Information

12 months ended 31 December	2024 (\$)	2023 (\$)	change (%)
Canada	217,562	20,589	956.7
United States	1,721,442	1,035,348	66.3
Rest of World	255,467	126,694	101.6
	2,194,471	1,182,631	85.6

Assets, Liabilities & Shareholders' Equity

Company assets increased to \$3,219,930 from \$1,216,532 in 2023. Several factors contributed to this including the private placement, completed November 2024, adding \$1,129,042 cash to the company net of share issuance costs. The acquisition of Keystone was completed for a total purchase price of \$753,519, with \$300,000 paid in cash, \$216,698 in shares issued and contingent consideration of \$236,821. The purchase price was allocated as follows: \$169,987 to working capital items, \$176,176 to property, plant and equipment, \$341,353 to acquired customer list and \$66,003 to brand name. Trade receivables at the end of 2024 were \$638,014, reflecting the similarly large revenue recognized in Q4 with many clients typically taking more than 30 days to pay. An investment in a private company was also accounted for at market value, adding a further \$169,200 to long term investments.

\$236,821 is recognized as the fair value of contingent consideration, payable to former Keystone Labs Inc. shareholders for achieving certain revenue and profit targets over the next 3 years. Shareholders' equity increased 176% to \$2,623,131 by the year end 2024.

Balance As Of	31 Dec 2024 (\$)	31 Dec 2023 (\$)	change (%)
Current assets	1,676,950	565,121	196.7
Property & Equipment	500,756	157,745	217.5
Intangible Assets	543,024	163,666	231.8
Long Term Investments	499,200	330,000	51.3
Total assets	3,219,930	1,216,532	164.7
Current liabilities	421,025	175,472	139.9
Long-term liabilities	175,774	42,461	314.0
Total liabilities	596,799	217,933	173.9
Shareholders' equity	2,623,131	998,599	162.7

Liquidity & Capital Resources

As of 31 December 2024, the Company continues to maintain a liquid balance sheet with cash of \$725,399, trade and other receivables of \$638,014. The Company had working capital of \$1,255,925 and, as Innovotech has no term debt, the Company is therefore presently funded to conduct its business and to meet its obligations in the ordinary course of business as they come due.

Selected Quarterly Financial Information

	2024				2023			
Period	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	1,045,837	436,071	398,587	313,976	341,106	174,811	411,023	255,692
Cash from operations	(13,852)	38,083	(70,273)	(35,602)	23,933	(217,307)	6,198	(40,907)
Net Income (Loss)	453,073	(21,300)	(114,817)	(102,201)	(195,941)	(117,546)	72,900	83,005
Shareholders' Equity	2,623,131	1,070,303	797,090	897,598	998,599	982,427	1,047,40	974,503
Earnings per share	0.01	-	-	-	-	-	-	-

Contractual Obligations

None.

Share Capital

The Company issued 8,846,152 shares (valued at \$872,946 net of warrants of \$256,096 and share issuance costs of \$20,958) in the private placement completed November 4, 2024. The acquisition of KLI was executed with 1,666,907 shares issued from treasury (valued at \$216,698). 52,377 options were exercised by employees and directors during the fiscal year.

As at the date of this MD&A, there are 49,734,183 Class A common shares issued out of an unlimited number of Class A voting shares.

Outstanding Stock Options

The Company granted 40,000 employee stock options on December 12, 2023 and recognized the expense in May 2024. These have an exercise price of \$0.085 expiring on December 11, 2028. 250,000 options with an exercise price of \$0.20 options were granted to directors in July 2024, with a 5-year expiry. During the year, 533,000 options were exercised, expired or forfeited, resulting in a balance of options outstanding on December 31, 2024 of 1,855,000. Of these 1,537,534 are currently exercisable at a weighted average price of \$0.16.

Warrants

During the year, warrants expired unexercised on September 2, 2024. As a result, the fair value of \$159,543 previously recognized was transferred to contributed surplus. 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. The fair value of the warrants recognized is \$256,059.

OUTLOOK

Looking ahead, the Company sees a strong continuation of its contract research services into 2025, driven by the momentum of several large client projects that began in 2024 and are continuing through the year. 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 encrustation assay services. 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 is expected to be online and ready for use by Q2-2025. This enables greater method development projects and supports active pharmaceutical ingredient investigations in long-term stability studies with clients.

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 line of products and services available to clients.

Over the course of 2024, significant milestones were reached in terms of scaling up the manufacturing process for InnovoSIL™-1 silver, including subsequent grinding of the material. Another focus for development of InnovoSIL™-1 silver in 2024 was determining its

compatibility within a wide variety of possible use scenarios: It was determined to be compatible with a large number of solvents involved in polymer processing; it was also found to be compatible with resins used in 3D printing; it was found to be compatible with a large number of hard polymers; hemocompatibility testing was successfully completed; and InnovoSIL™-1 silver was found to be compatible with both x-ray and vaporized hydrogen peroxide sterilization. AICE-Validates continued to fund work over the last quarter. One focus of this work was ongoing testing towards better understanding InnovoSIL™-1 silver's unique mechanisms of action. As well, optimized processes for coating InnovoSIL™-1 silver onto wound dressing materials and soft polymers were developed, and subsequent studies related to elution from and stability of materials coated using these optimized processes have been initiated. This testing will continue into 2025, along with work to optimize 3D printing with InnovoSIL™-1 silver incorporated into the resin, and development of additional coating methods for various surfaces of interest.

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. This significant development is partially supported by an ARP from NRC-IRAP to offset salary costs associated with the project. Work in Q4 focused on further expansion of testing into additional microbial species involved in urinary tract infections, encrustation, and kidney/bladder stone formation. A majority of the ruggedness testing of the encrustation assay was also completed, and validation of static and dynamic intraluminal models was commenced. Work will continue into 2025, focusing on completing the above 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 throughout 2024.

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. Various configurations were created to take the design from medium-throughput to high-throughput and successfully trialed with regards to their biofilm formation supporting capabilities. Subsequent testing will focus on the imaging capabilities of these designs.

As a contribution to the acquisition of NouLife Sciences Inc., the Company also continued working on a patented procedure to link two well-known antioxidants for better subdermal delivery in creams formulated for skin care. Three linker chemistries were determined to have good purity and stability. Subsequent work will include studies on permeability, solubility, and antioxidant activity.

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 December 31, 2024, Innovotech's current assets were \$1,676,950 and its current liabilities were \$421,025; working capital was therefore \$1,255,925.

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 31 December 2024.

End.