

**Innovotech Inc.**

Interim Financial Statements  
(Unaudited)

**For the three-month period ended  
March 31, 2021 and 2020**

#### NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, part 4, subsection 4.3(3)(a); if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the entity's auditors.

# Innovotech Inc.

## Statements of Financial Position (Unaudited)

	March 31, 2021 \$	December 31, 2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	558,032	530,144
Marketable securities	-	20,000
Trade and other receivables	156,546	143,514
Inventory	40,066	38,880
Prepaid expenses	20,760	20,187
	<u>775,404</u>	<u>752,725</u>
<b>Equipment</b>	<u>69,290</u>	69,715
<b>Convertible debenture (note 4)</b>	<u>119,450</u>	-
	<u>964,144</u>	<u>822,440</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	124,506	111,782
Deferred revenue	33,675	45,680
	<u>158,181</u>	<u>157,462</u>
<b>Term loan</b>	<u>20,000</u>	<u>20,000</u>
	<u>178,181</u>	<u>177,462</u>
<b>Shareholders' Deficiency</b>		
<b>Share capital (note 5)</b>	7,695,237	7,576,487
<b>Warrants</b>	159,543	159,543
<b>Contributed surplus</b>	1,531,576	1,531,576
<b>Deficit</b>	<u>(8,600,393)</u>	<u>(8,622,628)</u>
	<u>785,963</u>	<u>644,978</u>
	<u>964,144</u>	<u>822,440</u>

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

### Approved by the Board of Directors

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(Signed) "Alan Savage" Director

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(Signed) "James Timourian" Director

## Innovotech Inc.

### Statements of Changes in Shareholder's Deficiency (Unaudited)

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	Share capital \$	Warrants \$	Shares to be issued \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance – January 1, 2021</b>	7,576,487	159,543	-	1,531,576	(8,622,628)	644,978
Net and comprehensive loss for the period	-	-	-	-	22,235	22,235
Shares issued	118,750	-	-	-	-	118,750
<b>Balance – March 31, 2021</b>	<u>7,695,237</u>	<u>159,543</u>	<u>-</u>	<u>1,531,576</u>	<u>(8,600,393)</u>	<u>785,963</u>
<b>Balance – January 1, 2020</b>	7,344,818	-	-	1,482,214	(8,728,945)	98,087
Net and comprehensive loss for the period	-	-	-	-	(115,298)	(115,298)
Share based compensation	-	-	-	-	-	-
<b>Balance – March 31, 2020</b>	<u>7,344,818</u>	<u>-</u>	<u>-</u>	<u>1,482,214</u>	<u>(8,844,243)</u>	<u>(17,208)</u>

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

# Innovotech Inc.

## Statements of Operations and Comprehensive Income (Loss) (Unaudited) For the three-months ended March 31, 2020 and 2019

	2021 \$	2020 \$
<b>Revenue</b> (note 7)		
Contract research fees	214,250	68,916
Product sales	86,036	57,471
Other revenue	8,289	-
	<u>227,901</u>	<u>126,387</u>
<b>Cost of sales</b>		
Contract research	59,651	36,719
Product sales	21,023	21,498
	<u>80,674</u>	<u>58,217</u>
<b>Gross profit</b>	<u>227,901</u>	<u>68,170</u>
<b>Operating expenses</b>		
General and administrative	200,050	177,209
Sales and marketing	2,835	-
Research and development	4,862	8,666
Grants	-	(3,407)
	<u>207,747</u>	<u>182,468</u>
Interest expense	-	1,000
Interest income	(2,081)	-
Net financing (income)/expense	<u>(2,081)</u>	<u>1,000</u>
<b>Net income/loss and comprehensive income/loss for the period</b>	<u>22,235</u>	<u>(115,298)</u>
<b>Basic and diluted income/loss per common share</b>	<u>(0.00)</u>	<u>(0.00)</u>

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

# Innovotech Inc.

## Statements of Cash Flows

(Unaudited) For the three-months ended March 31, 2020 and 2019

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	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	22,235	(115,298)
Adjustments for:		
Amortization	3,980	3,542
Loss on disposal of equipment	-	93
Interest expense	-	1,000
Interest income	(699)	-
	<u>25,516</u>	<u>(110,663)</u>
 Net change in non-cash working capital items (note 6)	 <u>5,928</u>	 <u>126,397</u>
	<u>31,444</u>	<u>15,734</u>
 <b>Investing activities</b>		
Purchase of equipment	<u>(3,556)</u>	<u>(26,831)</u>
 <b>Financing activities</b>		
Interest paid	<u>-</u>	<u>(1,000)</u>
 <b>Increase/(Decrease) in cash and cash equivalents</b>	 27,888	 (12,097)
<b>Cash and cash equivalents – Beginning of period</b>	<u>530,144</u>	<u>96,671</u>
<b>Cash and cash equivalents – End of period</b>	<u>558,032</u>	<u>85,574</u>

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

# Innovotech Inc.

## Notes to Financial Statements

(Unaudited) March 31, 2020 and 2019

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### 1 Nature of operations and use of the going concern assumption

Innovotech Inc. (the Company) is incorporated under the Business Corporation Act of Alberta. The primary activities of the Company are sales of its products, conducting contract research for outside customers and research and development to identify products for future commercialization. The Company's product is an assay used in growing microbial biofilms for research purposes. The Company is publicly traded and listed on the TSX Venture Exchange, and its registered office is in Edmonton, Alberta.

These financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. In mid-March 2020, federal, provincial, and local authorities in Canada, the United States, and other nations began to significantly restrict the ability of people to leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations, for an uncertain period of time. The ability of the Company to carry on normal business activities and to otherwise meet its obligations to creditors and others is also uncertain.

### 2 Basis of preparation

The Company prepares its financial statements in accordance with Part I of the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook) which incorporates International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

These financial statements were approved by the Board of Directors for issue on May 25, 2021.

### 3 Significant accounting policies

There were no new or amended International Financial Reporting standards or interpretations that required adoption by the Company during the quarter.

### 4 Convertible debenture

On February 19, 2021 the Company acquired a \$150,000 8% convertible loan agreement with CanBiocin Inc. ("CanBiocin"), by way of an assignment from Lonsdale Capital Corporation ("Lonsdale"). Innovotech purchased all of Lonsdale's rights, title, and interest in and to the convertible loan, previously issued on April 13, 2020, with a \$150,000 principal amount outstanding and payable by CanBiocin. The convertible loan bears interest at 8% per annum, payable quarterly until April 13th, 2022 after which date principal is paid monthly in installments of \$3,125.00 together with interest calculated at 8% on the declining balance until the convertible loan is paid in full. At any time prior to April 15, 2025, the Company will have the option to convert the outstanding principal amount and interest outstanding under the convertible loan at a conversion price of \$1.25 per share of Canbiocin. The Company issued 625,000 common shares at a deemed price of \$0.24 per common share for a total deemed price of \$150,000. The common shares traded at a closing price of \$0.19 per share on February 19, 2021. The discount in the debenture will be recognized as income on a straight-line basis over the remaining term.

# Innovotech Inc.

## Notes to Financial Statements

(Unaudited) March 31, 2020 and 2019

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### 5 Share capital

a) Authorized

Unlimited number of Class A common, voting shares

Issued and outstanding

	<u>2021</u>		<u>2020</u>	
	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>
Opening balance at January 1	38,284,612	7,563,397	36,239,612	7,344,818
Shares issued to acquire convertible debenture	625,000	118,750	-	-
Shares issued on option exercise	-	-	170,000	25,090
Shares issued in private placement	-	-	1,875,000	206,579
Closing balance	<u>38,909,612</u>	<u>7,695,237</u>	<u>38,284,612</u>	<u>7,576,487</u>

The Company issued 625,000 shares on February 19, 2021 to acquire the convertible debenture from a shareholder.

### 6 Net change in non-cash working capital items

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Marketable securities	20,000	-
Trade and other receivable	(13,032)	56,879
Inventory	(1,186)	(8,408)
Prepaid expenses	(573)	(1,372)
Accounts payable and accrued liabilities	12,724	39,304
Deferred revenue	(12,005)	39,994
	<u>5,928</u>	<u>126,397</u>



# Innovotech Inc.

Notes to Financial Statements

(Unaudited) March 31, 2020 and 2019

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## 7 Geographic information

Geographic information about the Company's revenue is based on the product shipment destination and, for contract research, on the location of the contracting organization.

	<b>Three-month period ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Canada	25,040	12,056
United States	233,140	86,374
Rest of world	50,394	27,957
	<b>308,574</b>	<b>126,387</b>

All of the Company's equipment and intangible assets are located in Canada.