UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission File Number: 001-39701

INVO Bioscience, Inc.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**20-4036208**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5582 Broadcast Court Sarasota, FL	**34240**
(Address of principal executive offices)	(Zip Code)

(978) 878-9505
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	**INVO**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	
Non-accelerated filer ☒	Smaller reporting company ☒	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 15, 2024, the Registrant had 3,808,752 shares of common stock outstanding.

INVO BIOSCIENCE, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED March 31, 2024

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may be identified by such forward-looking terminology as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- our business strategies;
- the timing of regulatory submissions;
- our ability to obtain and maintain regulatory approval of our existing product candidates and any other product candidates we may develop, and the labeling under any approval we may obtain;
- risks relating to the timing and costs of clinical trials and the timing and costs of other expenses;
- risks related to market acceptance of products;
- the ultimate impact of the ongoing Coronavirus pandemic, or any other health epidemic, on our business, our clinical trials, our research programs, healthcare systems or the global economy as a whole;
- intellectual property risks;
- risks associated with our reliance on third-party organizations;
- our competitive position;
- our industry environment;
- our anticipated financial and operating results, including anticipated sources of revenues;
- assumptions regarding the size of the available market, benefits of our products, product pricing and timing of product launches;
- management's expectation with respect to future acquisitions;
- statements regarding our goals, intentions, plans and expectations, including the introduction of new products and markets; and
- our cash needs and financing plans.

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC") could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include market data and certain industry data and forecasts, which we may obtain from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications, articles and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INVO BIOSCIENCE, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2024	December 31, 2023 (audited)
ASSETS		
Current assets		
Cash	$ 475,125	$ 232,424
Accounts receivable	176,888	140,550
Inventory	266,454	264,507
Prepaid expenses and other current assets	806,479	622,294
Total current assets	1,724,946	1,259,775
Property and equipment, net	412,196	826,418
Lease right of use	3,369,229	5,740,929
Intangible assets, net	3,889,056	4,093,431
Goodwill	5,878,986	5,878,986
Equity investments	871,352	916,248
Investment in NAYA	2,172,000	2,172,000
Total assets	$ 18,317,765	$ 20,887,787
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,798,066	$ 2,330,381
Accrued compensation	766,219	722,251
Notes payable – current portion, net	795,788	629,920
Notes payable – related parties, net	880,000	880,000
Deferred revenue	513,425	408,769
Lease liability, current portion	352,575	397,554
Additional payments for acquisition, current portion	2,500,000	2,500,000
Other current liabilities	350,000	350,000
Total current liabilities	8,956,073	8,218,875
Notes payable, net of current portion	1,213,533	1,253,997
Lease liability, net of current portion	3,138,004	5,522,090
Additional payments for acquisition, net of current portion	5,000,000	5,000,000
Total liabilities	18,307,610	19,994,962
Stockholders' equity		
Series A Preferred Stock, $5.00 par value; 1,000,000 shares authorized; 100,000 and 0 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	500,000	-
Series B Preferred Stock, $5.00 par value; 1,200,000 shares authorized; 1,200,000 and 1,200,000 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	6,000,000	6,000,000
Common Stock, $.0001 par value; 50,000,000 shares authorized; 2,618,031 and 2,492,531 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	262	249
Additional paid-in capital	52,924,551	52,710,721
Accumulated deficit	(59,414,658)	(57,818,145)
Total stockholders' equity	10,155	892,825
Total liabilities and stockholders' equity	$ 18,317,765	$ 20,887,787

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

INVO BIOSCIENCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31, 2024	2023
Revenue:		
Clinic revenue	$ 1,537,199	$ 297,381
Product revenue	39,087	50,644
Total revenue	1,576,286	348,025
Operating expenses		
Cost of revenue	850,234	231,005
Selling, general and administrative expenses	1,440,586	2,330,834
Research and development expenses	4,880	73,520
Depreciation and amortization	226,960	19,087
Total operating expenses	2,522,660	2,654,445
Loss from operations	(946,374)	(2,306,420)
Other income (expense):		

Gain (loss) from equity method joint ventures	104	(27,735)
Loss on disposal of fixed assets	(561,663)	-
Gain on lease termination	94,551	-
Interest expense	(181,295)	(216,589)
Foreign currency exchange loss	-	(135)
Total other income (expense)	(648,303)	(244,459)
Net loss before income taxes	(1,594,677)	(2,550,879)
Income taxes	1,836	-
Net loss	$ (1,596,513)	$ (2,550,879)
Net loss per common share:		
Basic	$ (0.42)	$ (4.10)
Diluted	$ (0.42)	$ (4.10)
Weighted average number of common shares outstanding:		
Basic	3,801,877	622,507
Diluted	3,801,877	622,507

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

INVO BIOSCIENCE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(UNAUDITED)

	Common Stock		Series A Preferred Stock		Series B Preferred Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balances, December 31, 2022	**608,611**	**$ 61**	**-**	**$ -**	**-**	**$ -**	**$48,805,860**	**$ (49,783,533)**	**(977,612)**
Common stock issued to directors and employees	3,490	-	-	-	-	-	46,503	-	46,503
Common stock issued for services	13,000	1	-	-	-	-	149,899	-	149,900
Proceeds from the sale of common stock, net of fees and expenses	69,000	7	-	-	-	-	2,708,635	-	2,708,642
Common stock issued with notes payable	4,167	-	-	-	-	-	56,313	-	56,313
Options exercised for cash	297	-	-	-	-	-	2,376	-	2,376
Stock options issued to directors and employees as compensation	-	-	-	-	-	-	325,834	-	325,834
Warrants issued with notes payable	-	-	-	-	-	-	327,389	-	327,389
Net Loss	-	-	-	-	-	-	-	(2,550,879)	(2,550,879)
Balances, March 31, 2023	**698,565**	**$ 69**	**-**	**$ -**	**-**	**$ -**	**$52,422,809**	**$ (52,334,412)**	**88,466**
Balances, December 31, 2023	**2,492,531**	**249**	**-**	**-**	**1,200,000**	**6,000,000**	**52,710,721**	**(57,818,145)**	**892,825**
Common stock issued to directors and/or employees	-	-	-	-	-	-	92	-	92
Common stock issued for services	125,500	13	-	-	-	-	142,437	-	142,450
Preferred stock issued	-	-	100,000	500,000	-	-	-	-	500,000
Stock options issued to directors and employees as compensation	-	-	-	-	-	-	71,301	-	71,301
Net loss	-	-	-	-	-	-	-	(1,596,513)	(1,596,513)
Balances, March 31, 2024	**2,618,031**	**262**	**100,000**	**500,000**	**1,200,000**	**6,000,000**	**52,924,551**	**(59,414,658)**	**10,155**

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

INVO BIOSCIENCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (1,596,513)	$ (2,550,879)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash stock compensation issued for services	142,450	149,900

Non-cash stock compensation issued to directors and employees	92	46,503
Fair value of stock options issued to employees	71,301	325,834
Non-cash compensation for services	45,000	45,000
Amortization of discount on notes payable	98,038	178,380
Loss (gain) from equity method investment	(104)	27,735
Loss from disposal of assets	561,663	-
Gain on lease termination	(94,551)	-
Depreciation and amortization	226,960	19,087
Changes in assets and liabilities:		
Accounts receivable	(36,338)	(22,571)
Inventory	(1,947)	(7,317)
Prepaid expenses and other current assets	(330,104)	(60,677)
Accounts payable and accrued expenses	472,106	498,169
Accrued compensation	43,968	274,420
Deferred revenue	104,656	(73,130)
Leasehold liability	2,323	1,085
Accrued interest	30,443	-
Net cash used in operating activities	(260,557)	(1,148,461)
Cash from investing activities:		
Payments to acquire property, plant, and equipment	(49,698)	-
Proceeds from sale of fixed assets	25,590	-
Investment in joint ventures	-	(8,447)
Net cash used in investing activities	(24,108)	(8,447)
Cash from financing activities:		
Proceeds from the sale of notes payable	225,000	714,000
Proceeds from the sale of common stock, net of offering costs	-	2,708,642
Proceeds from sale of preferred stock	500,000	-
Proceeds from option exercise	-	2,376
Principal payments on note payable	(197,634)	(170,000)
Net cash provided by financing activities	527,366	3,255,018
Increase (decrease) in cash and cash equivalents	242,701	2,098,110
Cash and cash equivalents at beginning of period	232,424	90,135
Cash and cash equivalents at end of period	$ 475,125	$ 2,188,245
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 50,804	$ -
Taxes	$ -	$ 800
Noncash activities:		
Fair value of warrants issued with debt	$ -	$ 383,694

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

INVO BIOSCIENCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024
(UNAUDITED)

Note 1 – Summary of Significant Accounting Policies

Description of Business

INVO Bioscience, Inc. (“INVO” or the “Company”) is a healthcare services company dedicated to expanding access to fertility care around the world. The Company’s commercial strategy is primarily focused on operating fertility-focused clinics, which include the opening of “INVO Centers” dedicated primarily to offering the intravaginal culture (“IVC”) procedure enabled by its INVOcell® medical device and the acquisition of US-based, profitable in vitro fertilization (“IVF”) clinics. The Company has two operational INVO Centers in the United States and completed its first IVF clinic acquisition in August 2023. The Company also continues to engage in the sale and distribution of its INVOcell technology solution into existing independently owned and operated fertility clinics.

Basis of Presentation

The accompanying consolidated financial statements present on a consolidated basis the accounts of the Company and its wholly owned subsidiaries and controlled affiliates. The Company presents noncontrolling interest within the equity section of its consolidated balance sheets and the amount of consolidated net income (loss) that is attributable to the Company and to the noncontrolling interest in its consolidated statement of operations. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company uses the equity method of accounting when it owns an interest in an entity whereby it can exert significant influence over but cannot control the entity’s operations.

The preparation of the Company’s consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

The Company considers events or transactions that have occurred after the consolidated balance sheet date of March 31, 2024, but prior to the filing of the consolidated financial statements with the SEC in this Quarterly Report on Form 10-Q, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure, as applicable. Subsequent events have been evaluated through the date of the filing of this Quarterly Report on Form 10-Q.

Reclassifications

Certain amounts in the consolidated financial statements for the prior year have been reclassified to conform to the current year presentation. These reclassifications had no impact on net earnings, financial position, or cash flows.

Business Segments

The Company operates in one segment and therefore segment information is not presented.

Business Acquisitions

The Company accounts for all business acquisitions at fair value and expenses acquisition costs as they are incurred. Any identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in which a business acquisition occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once the Company receives sufficient information to finalize the fair values; however, the period will not exceed one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

Variable Interest Entities

The Company's consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and variable interest entities ("VIE"), where the Company is the primary beneficiary under the provisions of ASC 810, Consolidation ("ASC 810"). A VIE must be consolidated by its primary beneficiary when, along with its affiliates and agents, the primary beneficiary has both: (i) the power to direct the activities that most significantly impact the VIE's economic performance; and (ii) the obligation to absorb losses or the right to receive the benefits of the VIE that could potentially be significant to the VIE. The Company reconsiders whether an entity is still a VIE only upon certain triggering events and continually assesses its consolidated VIEs to determine if it continues to be the primary beneficiary. See "Note 3 – Variable Interest Entities" for additional information on the Company's VIEs.

Equity Method Investments

Investments in unconsolidated affiliates, over which the Company exerts significant influence but does not control or otherwise consolidate, are accounted for using the equity method. Equity method investments are initially recorded at cost. These investments are included in investment in joint ventures in the accompanying consolidated balance sheets. The Company's share of the profits and losses from these investments is reported in loss from equity method joint venture in the accompanying consolidated statements of operations. The Company monitors its investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the investees and records reductions in carrying values when necessary.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement presentation purposes, the Company considers time deposits, certificates of deposit and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. At times, cash and cash equivalents balances exceed amounts insured by the Federal Deposit Insurance Corporation.

Inventory

Inventories consist of raw materials, work in process and finished goods and are stated at the lower of cost or net realizable value, using the first-in, first-out method as a cost flow method.

Property and Equipment

The Company records property and equipment at cost. Property and equipment are depreciated using the straight-line method over the estimated economic lives of the assets, which are from 3 to 10 years. The Company capitalizes the expenditures for major renewals and improvements that extend the useful lives of property and equipment. Expenditures for maintenance and repairs are charged to expense as incurred. The Company reviews the carrying value of long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of long-lived assets is measured by a comparison of their carrying amounts to the undiscounted cash flows that the asset or asset group is expected to generate. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value.

Long- Lived Assets

Long-lived assets and certain identifiable assets related to those assets are periodically reviewed for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. If the non-discounted future cash flows of the asset are less than their carrying amount, their carrying amounts are reduced to fair value and an impairment loss recognized. There was no impairment recorded during the three months ended March 31, 2024, and 2023.

Fair Value of Financial Instruments

ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments," requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments.

Effective January 1, 2008, the Company adopted ASC 820-10, "Fair Value Measurements", which provides a framework for measuring fair value under GAAP. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

The Company is subject to income taxes in the United States and its domestic tax liabilities are subject to the allocation of expenses in multiple state jurisdictions. The Company uses the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including taxable income in prior carryback years, reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent the Company does not consider it more-likely-than-not that a deferred tax asset will be recovered, a valuation allowance is established.

Concentration of Credit Risk

Cash includes amounts deposited in financial institutions in excess of insurable Federal Deposit Insurance Corporation (“FDIC”) limits. As of March 31, 2024, the Company had cash balances in excess of FDIC limits.

Revenue Recognition

The Company recognizes revenue on arrangements in accordance with ASC 606, Revenue from Contracts with Customers (“ASC 606”). The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services ASC 606 requires companies to assess their contracts to determine the timing and amount of revenue to recognize under the new revenue standard. The model has a five-step approach:

1. Identify the contract with the customer.

2. Identify the performance obligations in the contract.

3. Determine the total transaction price.

4. Allocate the total transaction price to each performance obligation in the contract.

5. Recognize as revenue when (or as) each performance obligation is satisfied.

Revenue generated from the sale of INVOcell is typically recognized at the time the product is shipped, at which time the title passes to the customer, and there are no further performance obligations.

Revenue generated from clinical and lab services related at the Company’s affiliated INVO Centers is typically recognized at the time the service is performed.

Stock Based Compensation

The Company accounts for stock-based compensation under the provisions of Accounting Standards Codification (“ASC”) subtopic 718-10, Compensation (“ASC 718-10”). This statement requires the Company to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period in which the employee is required to provide service or based on performance goals in exchange for the award, which is usually the vesting period.

Loss Per Share

Basic loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding. Diluted earnings per share are computed similarly to basic earnings per share except that the denominator is increased to include potentially dilutive securities. The Company’s diluted loss per share is the same as the basic loss per share for the three months ended March 31, 2024, and 2023, as the inclusion of any potential shares would have had an anti-dilutive effect due to the Company generating a loss.

	Three Months Ended March 31,	
	2024	**2023**
Net loss (numerator)	$ (1,596,513)	(2,550,879)
Basic and diluted weighted-average number of common shares outstanding (denominator)	3,801,877	622,507
Basic and diluted net loss per common share	(0.42)	(4.10)

The Company has excluded the following dilutive securities from the calculation of fully diluted shares outstanding because the result would have been anti-dilutive:

	As of March 31,	
	2024	**2023**
Options	98,962	70,627
Convertible notes and interest	199,300	70,481
Unit purchase options and warrants	4,488,620	453,383
Total	4,786,882	594,491

Recently Adopted Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements, and does not believe the future adoption of any such pronouncements will have a material impact on its financial condition or the results of its operations.

Note 2 – Liquidity

Historically, the Company has funded its cash and liquidity needs primarily through revenue collection and debt and equity financings. For the three months ended March 31, 2024, and 2023, the Company incurred a net loss of approximately $1.6 million and $2.6 million, respectively, and has an accumulated deficit of approximately $59.4 million as of March 31, 2024. Approximately $ 1.0 million of the net loss was related to non-cash expenses for the three months ended March 31, 2024, compared to $0.9 million for the three months ended March 31, 2023.

The Company has been dependent on raising capital from debt and equity financings to meet its needs for cash used in operating and investing activities. During the first three months of 2024, the Company received proceeds of $0.5 million from the sales of preferred stock as well as net proceeds of $0.2 million from the sale of notes. Over the next 12 months, the Company's plan includes growing the Wisconsin Fertility Institute and pursuing additional IVF clinic acquisitions. Until the Company can generate positive cash from operations, it will need to raise additional funding to meet its liquidity needs and to execute its business strategy. As in the past, the Company will seek debt and/or equity funding, which may not be available on reasonable terms, if at all.

Although the Company's audited consolidated financial statements for the year ended December 31, 2023 were prepared under the assumption that it would continue operations as a going concern, the report of the Company's independent registered public accounting firm that accompanies the Company's financial statements for the year ended December 31, 2023 contains a going concern qualification in which such firm expressed substantial doubt about the Company's ability to continue as a going concern, based on the financial statements at that time. Specifically, as noted above, the Company has incurred significant operating losses and the Company expects to continue to incur significant expenses and operating losses as it continues to ramp up the commercialization of INVOcell and develop new INVO Centers. These prior losses and expected future losses have had, and will continue to have, an adverse effect on the Company's financial condition. If the Company cannot continue as a going concern, its stockholders would likely lose most or all of their investment in the Company.

Note 3 – Business Combinations

Wisconsin Fertility Institute

On August 10, 2023, INVO, through Wood Violet Fertility LLC, a Delaware limited liability company ("Buyer") and wholly owned subsidiary of INVO Centers LLC ("INVO CTR"), a Delaware company wholly-owned by INVO, consummated its acquisition of the Wisconsin Fertility Institute ("WFI") for a combined purchase price of $10,000,000, of which $2,500,000 was paid on the closing date (net cash paid was $ 2,150,000 after a $350,000 holdback) plus assumption of the inter-company loan owed by WFRSA (as defined below) in the amount of $528,756. The remaining three installments of $2,500,000 each will be paid on the subsequent three anniversaries of closing. The sellers have the option to take all or a portion of the final three installments in shares of INVO common stock at a per share value of $125.00, $181.80, and $285.80, for the second, third, and final installments, respectively.

WFI is comprised of (a) a medical practice, Wisconsin Fertility and Reproductive Surgery Associates, S.C., a Wisconsin professional service corporation d/b/a Wisconsin Fertility Institute ("WFRSA"), and (b) a laboratory services company, Fertility Labs of Wisconsin, LLC, a Wisconsin limited liability company ("FLOW"). WFRSA owns, operates and manages WFI's fertility practice that provides direct treatment to patients focused on fertility, gynecology and obstetrics care and surgical procedures, and employs physicians and other healthcare providers to deliver such services and procedures. FLOW provides WFRSA with related laboratory services.

INVO purchased the non-medical assets of WFRSA and one hundred percent of FLOW's membership interests. The Buyer and WFRSA entered into a management services agreement pursuant to which WFRSA outsourced all its non-medical activities to the Buyer.

The Company's consolidated financial statements for the three months ended March 31, 2024 include WFI's results of operations. The Company's condensed consolidated financial statements reflect the final purchase accounting adjustments in accordance with ASC 805 "Business Combinations", whereby the purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair values on the acquisition date. The following allocation of the purchase price is as follows:

Consideration given:	
Cash	2,150,000
Holdback	350,000
Additional payments	7,500,000
	10,000,000
Assets and liabilities acquired:	
FLOW intercompany receivable	528,756
Accounts receivable	214,972
Property and equipment, net	25,292
Other current assets	56,274
Tradename	253,000
Noncompetition agreement	3,961,000
Goodwill	5,878,986
Deferred revenue	(389,524)
WFRSA intercompany note	(528,756)
	10,000,000

Note 4 – Variable Interest Entities

Consolidated VIEs

Bloom INVO, LLC

On June 28, 2021, INVO CTR entered into a limited liability company agreement (the "Bloom Agreement") with Bloom Fertility, LLC ("Bloom") to establish a joint venture entity, formed as "Bloom INVO LLC" (the "Georgia JV"), for the purposes of commercializing INVOcell, and the related IVC procedure, through the establishment of an INVO Center (the "Atlanta Clinic") in the Atlanta, Georgia metropolitan area.

In consideration for INVO's commitment to contribute up to $ 800,000 within the 24-month period following the execution of the Bloom Agreement to support the start-up operations of the Georgia JV, the Georgia JV issued 800 of its units to INVO CTR and in consideration for Bloom's commitment to contribute physician services having an anticipated value of up to $1,200,000 over the course of a 24-month vesting period, the Georgia JV issued 1,200 of its units to Bloom.

The responsibilities of Bloom include providing all medical services required for the operation of the Atlanta Clinic. The responsibilities of INVO CTR include providing certain funding to the Georgia JV, lab services quality management, and providing access to and being the exclusive provider of the INVOcell to the Georgia JV. INVO CTR also performs all required, industry specific compliance and accreditation functions, and product documentation for product registration.

The Bloom Agreement provides Bloom with a “profits interest” in the Georgia JV and, in connection with such profits interest, states that profits and losses be allocated to its members based on a hypothetical liquidation of the Georgia JV. In such a scenario, liquidation proceeds would be distributed in the following order: (a) to INVO CTR until the difference between its capital contributions and distributions equals $0; (b) to Bloom until its distributions equal 150% of the liquidation amounts distributed to INVO CTR (a “catch-up” to rebalance the distributions between members); and (c) thereafter on a pro rata basis. The Georgia JV had no assets or liabilities at the time the units were issued, and, as of March 31, 2024, INVO CTR had made capital contributions greater than the net loss of the Georgia JV. As such, the entire net loss was allocated to INVO CTR, and no loss was allocated to the noncontrolling interest of Bloom.

The Georgia JV opened to patients on September 7, 2021.

The Company determined the Georgia JV is a VIE, and that the Company is its primary beneficiary because the Company has an obligation to absorb losses that are potentially significant and the Company controls the majority of the activities that impact the Georgia JV’s economic performance, specifically control of the INVOcell and lab services quality management. As a result, the Company consolidated the Georgia JV’s results with its own. As of March 31, 2024, the Company invested $0.9 million in the Georgia JV in the form of capital contributions as well as $ 0.5 million in the form of a note. For the three months ended March 31, 2024 and 2023, the Georgia JV recorded net losses of $50 thousand and $32 thousand respectively. Noncontrolling interest in the Georgia JV was $0.

Unconsolidated VIEs

HRCFG INVO, LLC

On March 10, 2021, INVO CTR entered into a limited liability company agreement with HRCFG, LLC (“HRCFG”) to form a joint venture for the purpose of establishing an INVO Center in Birmingham, Alabama. The name of the joint venture entity is HRCFG INVO, LLC (the “Alabama JV”). The Company also provides certain funding to the Alabama JV. Each party owns 50% of the Alabama JV.

The Alabama JV opened to patients on August 9, 2021.

The Company determined the Alabama JV is a VIE, and that there is no primary beneficiary. As a result, the Company uses the equity method to account for its interest in the Alabama JV. March 31, 2024, the Company invested $ 1.4 million in the Alabama JV in the form of a note. For the three months ended March 31, 2024, the Alabama JV recorded net income of $0.2 thousand, of which the Company recognized a gain from equity method investments of $0.1 thousand. For the three months ended March 31, 2023, the Alabama JV recorded a net loss of $ 37 thousand, of which the Company recognized a loss from equity method investments of $18 thousand.

Positib Fertility, S.A. de C.V.

On September 24, 2020, INVO CTR entered into a Pre-Incorporation and Shareholders Agreement with Francisco Arredondo, MD PLLC (“Arredondo”) and Security Health LLC, a Texas limited liability company (“Ramirez”, and together with INVO CTR and Arredondo, the “Shareholders”) under which the Shareholders will commercialize the IVC procedure and offer related medical treatments in Mexico. Each party owns one-third of the Mexican incorporated company, Positib Fertility, S.A. de C.V. (the “Mexico JV”).

The Mexico JV opened to patients on November 1, 2021.

The Company determined the Mexico JV is a VIE, and that there is no primary beneficiary. As a result, the Company uses the equity method to account for its interest in the Mexico JV. During the fourth quarter of 2023, our Mexico JV partner informed the Company that the primary physician onsite had resigned. The Company elected to impair the investment at year end 2023 in this JV due to the uncertainty and possibility that the Mexico JV may offer reduced services or suspend operations. The total impairment for 2023 was approximately $0.09 million. As of March 31, 2024, INVO investment in the Mexico JV was $0.

The following table summarizes our investments in unconsolidated VIEs:

	Location	Percentage Ownership	Carrying Value as of March 31, 2024	Carrying Value as of December 31, 2023
HRCFG INVO, LLC	Alabama, United States	50%	$ 871,352	916,248
Positib Fertility, S.A. de C.V.	Mexico	33%	-	-
Total investment in unconsolidated VIEs			$ 871,352	916,248

Earnings from investments in unconsolidated VIEs were as follows:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
HRCFG INVO, LLC	$ 104	$ (18,670)
Positib Fertility, S.A. de C.V.	-	(9,065)
Total earnings from unconsolidated VIEs	104	(27,735)

The following tables summarize the combined unaudited financial information of our unconsolidated VIEs:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Statements of operations:		
Operating revenue	$ 332,314	$ 349,326
Operating expenses	(332,106)	(413,866)
Net loss	208	(64,540)

	March 31, 2024	December 31, 2023
Balance sheets:		
Current assets	$ 277,488	288,369
Long-term assets	1,003,816	1,026,873
Current liabilities	(516,469)	(510,091)
Long-term liabilities	(123,060)	(123,060)
Net assets	$ 641,775	682,091

Note 5 – Agreements and Transactions with VIE's

The Company sells the INVOcell to its consolidated and unconsolidated VIEs and anticipates continuing to do so in the ordinary course of business. All intercompany transactions with consolidated entities are eliminated in the Company's consolidated financial statements. Per ASC 323-10-35-8 the Company eliminates any sales to an unconsolidated VIE for INVOcell inventory that the VIE still has remaining on the books at period end.

The following table summarizes the Company's transactions with VIEs:

	Three Months Ended March 31,	
	2024	2023
Bloom INVO, LLC		
INVOcell revenue	$ 10,500	$ 4,500
Unconsolidated VIEs		
INVOcell revenue	$ 7,500	$ 3,000

The Company had balances with VIEs as follows:

	March 31, 2024	December 31, 2023
Bloom INVO, LLC		
Accounts receivable	$ 24,000	31,500
Notes payable	486,302	482,656
Unconsolidated VIEs		
Accounts receivable	$ 22,500	15,000

Note 6 – Inventory

Components of inventory are:

	March 31, 2024	December 31, 2023
Raw materials	$ 53,479	$ 53,479
Finished goods	212,975	211,028
Total inventory	**$ 266,454**	**$ 264,507**

Note 7 – Property and Equipment

The estimated useful lives and accumulated depreciation for equipment are as follows as of March 31, 2024, and December 31, 2023:

	Estimated Useful Life
Manufacturing equipment	6 to 10 years
Medical equipment	7 to 10 years
Office equipment	3 to 7 years

	March 31, 2024	December 31, 2023
Manufacturing equipment	$ 132,513	$ 132,513
Medical equipment	350,624	303,943
Office equipment	88,420	85,404
Leasehold improvements	96,817	538,151
Less: accumulated depreciation	(256,178)	(233,593)
Total equipment, net	$ 412,196	$ 826,418

During the three months ended March 31, 2024, and 2023, the Company recorded depreciation expense of $ 22,585 and $19,087, respectively.

For the three months ended March 31, 2024, the Company recognized a loss on disposal of fixed assets of $ 561,663 related to the termination of the Tampa INVO Center project.

Note 8 – Intangible Assets & Goodwill

Components of intangible assets are as follows:

	March 31, 2024	December 31, 2023
Tradename	$ 253,000	$ 253,000
Noncompetition agreement	3,961,000	3,961,000
Goodwill	5,878,986	5,878,986
Less: accumulated amortization	(324,944)	(120,569)
Total intangible assets	$ 9,768,042	$ 9,972,417

As part of the acquisition of Wisconsin Fertility Institute, that closed on August 10, 2023, the Company acquired tradename valued at $ 253,000, noncompetition agreements valued at $3,961,000 and goodwill of $5,878,986 which includes assembled workforce valued at $34,000. The tradename was deemed to have a useful life of 10 years. The noncompetition agreements were deemed to have a useful life of 15 years.

During the three months ended March 31, 2024, and 2023, the Company recorded amortization expenses related to intangible assets of $ 204,375 and $0, respectively.

Goodwill has an indefinite useful life and is therefore not amortized. The Company reviewed and found no indicators for impairment of the intangible assets related to the acquisition of Wisconsin Fertility Institute as of March 31, 2024.

Note 9 – Leases

The Company has various operating lease agreements in place for its office and joint ventures. Per FASB's ASU 2016-02, Leases Topic 842 ("ASU 2016-02"), effective January 1, 2019, the Company is required to report a right-of-use asset and corresponding liability to report the present value of the total lease payments, with appropriate interest calculation. Per the terms of ASU 2016-02, the Company can use its implicit interest rate, if known, or applicable federal rate otherwise. Since the Company's implicit interest rate was not readily determinable, the Company utilized the applicable federal rate, as of the commencement of the lease. Lease renewal options included in any lease are considered in the lease term if it is reasonably certain the Company will exercise the option to renew. The Company's operating lease agreements do not contain any material restrictive covenants.

As of March 31, 2024, the Company's lease components included in the consolidated balance sheet were as follows:

Lease component	Balance sheet classification		March 31, 2024
Assets			
ROU assets – operating lease	Other assets	$	3,369,229
Total ROU assets		$	3,369,229
Liabilities			
Current operating lease liability	Current liabilities	$	352,575
Long-term operating lease liability	Other liabilities		3,138,004
Total lease liabilities		$	3,490,579

Future minimum lease payments as of March 31, 2024 were as follows:

2024		353,250
2025		477,947
2026		490,122
2027		480,096
2028 and beyond		2,329,322
Total future minimum lease payments	$	4,130,737
Less: Interest		(640,158)
Total operating lease liabilities	$	3,490,579

For the three months ended March 31, 2024, the Company recognized a gain on lease termination of $ 94,551 related to the termination of the lease associated with the Tampa INVO Center.

Note 10 – Notes Payable

Notes payables consisted of the following:

		March 31, 2024		December 31, 2023
Note payable. 35% - 100 % cumulative interest. Matures on June 29, 2028	$	1,397,048	$	1,451,245
Related party demand notes with a 10% financing fee. 10% annual interest from issuance. As of March 31, 2024, all these notes are callable.		880,000		880,000
Convertible notes. 10% annual interest. Conversion price of $ 2.25		410,000		410,000
Cash advance agreement		489,091		287,604
Less debt discount and financing costs		(286,818)		(264,932)
Total, net of discount	$	2,889,321	$	2,763,917

Related Party Demand Notes

In the fourth quarter of 2022, the Company received $ 500,000 through the issuance of five demand notes (the "JAG Notes") from a related party, JAG Multi Investments LLC ("JAG"). The Company's CFO is a beneficiary of JAG but does not have any control over JAG's investment decisions with respect to the Company. The JAG Notes accrue 10% annual interest from their respective dates of issuance. At maturity, the Company agreed to pay outstanding principal, a 10% financing fee and accrued interest. On July 10, 2023, the Company received an additional $ 100,000 from JAG through the issuance of an additional demand note.

In consideration for subscribing to the JAG Note for $ 100,000 dated December 29, 2022, and for agreeing to extend the date on which the other JAG Notes are callable to March 31, 2023, the Company issued JAG a warrant to purchase 17,500 shares of common stock. The warrant may be exercised for a period of five (5) years from issuance at a price of $ 10.00 per share. The financing fees for said JAG Note and the fair value of the warrant issued were capped at the total proceeds. The relative fair value of the warrant was recorded as a debt discount and as of March 31, 2024 the Company had fully amortized the discount. On July 10, 2023 JAG agreed to extend the date on which the JAG Notes are callable to September 30, 2023.

In the fourth quarter of 2022, the Company received $ 200,000 through the issuance of demand promissory notes of which (1) $ 100,000 was received from its Chief Executive Officer ($60,000 on November 29, 2022, $15,000 on December 2, 2022, and $25,000 on December 13, 2022) and (2) $ 100,000 was received from an entity controlled by its Chief Financial Officer ($75,000 on November 29, 2022 and $25,000 on December 13, 2022). These notes accrue 10% annual interest accrues from the date of issuance. These notes are callable with 10 days prior written notice. At maturity, the Company agreed to pay outstanding principal, a 10% financing fee and accrued interest.

The financing fees for all demand notes were recorded as a debt discount and as of March 31, 2024 the Company had fully amortized the discount.

For the three months ended March 31, 2024, the Company incurred $ 20,222 in interest related to these demand notes.

Jan and March 2023 Convertible Notes

In January and March 2023, the Company issued $ 410,000 of convertible notes ("Q1 23 Convertible Notes"), for $ 310,000 in cash and the conversion of $100,000 of demand notes from the fourth quarter of 2022. These convertible notes were issued with fixed conversion prices of $ 10.00 (for the $275,000 issued in January 2023) and $12.00 (for the $135,000 issued in March 2023) and (ii) 5-year warrants to purchase 19,375 shares of the common stock at an exercise price of $20.00.

The cumulative fair value of the warrants at issuance was $ 132,183. This was recognized as a debt discount and will to be amortized on a straight-line basis over the life of the respective notes. As of March 31, 2024, the debt discount was fully amortized.

Interest on these notes accrues at a rate of ten percent (10%) per annum and is payable at the holder's option either in cash or in shares of common stock at the conversion price set forth in the notes on December 31, 2023, unless converted earlier. For the three months ended March 31, 2024 the Company incurred $10,222 in interest related to these convertible notes.

All amounts due under these notes are convertible at any time after the issuance date, in whole or in part (subject to rounding for fractional shares), at the option of the holders into the common stock at a fixed conversion price for the notes as described above.

As of December 27, 2023, the Company secured written consent by the note holders of the Q1 23 Convertible Notes for the maturity date to be extended to June 30, 2024. As an incentive for the Q1 23 Convertible Note holders to approve the extension, the Company agreed to lower both the Q1 23 Convertible Notes fixed conversion price and the related warrant exercise price to $2.25. The maturity date extension and the conversion and exercise price reduction applies to all Q1 23 Convertible Notes. As the terms for the note were deemed substantially different, the Company recognized a $163,278 loss from debt extinguishment related to the change in terms.

February 2023 Convertible Debentures

On February 3, and February 17, 2023, the Company entered into securities purchase agreements (the "February Purchase Agreements") with accredited investors (the "February Investors") for the purchase of (i) convertible debentures of the Company in the aggregate original principal amount of $500,000 (the "February Debentures") for a purchase price of $ 450,000, (ii) warrants (the "February Warrants") to purchase 12,500 shares (the "February Warrant Shares") of common stock at an exercise price of $15.00 per share, and (iii) 4,167 shares of common stock issued as an inducement for issuing the February Debentures. The proceeds, net of placement agent and legal fees, were used for working capital and general corporate purposes.

The cumulative fair value of the warrants at issuance was $ 291,207. This was recognized as a debt discount and will be amortized on a straight-line basis over the life of the respective notes. As of March 31, 2024 the Company had fully amortized the discount.

Pursuant to the February Debentures, interest on the February Debentures accrued at a rate of eight percent (8%) per annum payable at maturity, one year from the date of the February Debentures. For the three months ended March 31, 2024 the Company incurred $0 in interest on the February Debentures.

All amounts due under the February Debentures were convertible at any time after the issuance date, in whole or in part, at the option of the February Investors into common stock at an initial price of $10.40 per share. This conversion price was subject to adjustment for stock splits, combinations or similar events and anti-dilution provisions, among other adjustments and is subject to a floor price.

The Company could prepay the February Debentures at any time in whole or in part by paying a sum of money equal to 105% of the principal amount to be redeemed, together with accrued and unpaid interest.

While any portion of each February Debenture remained outstanding, if the Company received cash proceeds of more than $ 2,000,000 (the "Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, the February Investors had the right in their sole discretion to require the Company to immediately apply up to 50% of all proceeds received by the Company above the Minimum Threshold to repay the outstanding amounts owed under the February Debentures. In April 2023, the Company used $360,151 in proceeds from the RD Offering (as described in Note 11 below) to repay a portion of the February Debentures. On August 8, 2023, the Company repaid the remaining balance of $139,849 with proceeds from the August 2023 Offering (as described in Note 12 below).

The February Warrants included anti-dilution protection whereby a subsequent offering priced below the February Warrants' strike price then in effect would entitle the February Investors to a reduction of such strike price to the price of such subsequent offering and an increase in the February Warrant Shares determined by dividing the dollar amount for which the February Warrants are exercisable by such lower strike price. As a result of the $2.85 unit purchase price of the August 2023 Offering (as described in Note 16 below), following consummation of the August 2023 Offering, the February Warrants now entitle the February Investors to purchase a total 65,790 at an exercise price of $2.85 per February Warrant Share. On August 8, 2023, the Company issued 26,391 shares of common stock upon exercise of one of the February Warrants on a net-exercise basis and on August 21, 2023, the Company issued 17,594 shares of common stock upon exercise of the other February Warrant on a net-exercise basis. Following these exercises, there were no February Warrants outstanding.

Standard Merchant Cash Advance

On July 20, 2023, the Company entered into a Standard Merchant Cash Advance Agreement (the "Cash Advance Agreement") with Cedar Advance LLC ("Cedar") under which Cedar purchased $543,750 of the Company's receivables for a gross purchase price of $ 375,000 (the "Initial Advance"). The Company received cash proceeds of $356,250, net of a financing fee. Until the purchase price is repaid, the Company agreed to pay Cedar $ 19,419.64 per week. Since, through the refinancing described below, the Company repaid Cedar within 30 days, the amount payable under the Initial Advance was reduced from $543,750 to $465,000.

On August 31, 2023, the Company refinanced the Initial Advance through the purchase by Cedar of $ 746,750 of the Company's receivables for a gross purchase price of $515,000 (the "Refinanced Advance"). The Company received net cash proceeds of $ 134,018 after applying $390,892 towards the repayment of the Initial Advance. The new Cash Advance Agreement provides that if the Company repays the Refinanced Advance within 30 days then the amount payable to Cedar shall be reduced to $643,750, and if the Refinanced Advance is repaid on days 31 to 60 then the amount payable to Cedar shall be reduced to $674,650. Until the purchase price is repaid, the Company agreed to pay Cedar $ 16,594 per week. On September 29, 2023, the Company repaid $0.3 million of the Cash Advance Agreement with proceeds from the RLSA Loan (as defined below). As a result of such payment, the weekly payment was reduced to $9,277.

The financing fees were recorded as a debt discount. For the three months ending March 31, 2024 the Company amortized $ 69,839 of the debt discount and as of March 31, 2024 had a remaining debt discount balance of $180,882.

Revenue Loan and Security Agreement

On September 29, 2023, the Company, Steven Shum, as a Key Person, and the Company's wholly-owned subsidiaries Bio X Cell, Inc, INVO CTR, Wood Violet Fertility LLC, FLOW and Orange Blossom Fertility LLC as guarantors (the "Guarantors"), entered into a Revenue Loan and Security Agreement (the "Loan Agreement") with Decathlon Alpha V LP (the "Lender") under which the Lender advanced a gross amount of $1,500,000 to the Company (the "RSLA Loan"). The RSLA Loan has a maturity date of June 29, 2028, is payable in fixed monthly installments, as set forth in the Loan Agreement, and may be prepaid without penalty at any time. The installments include an interest factor that varies based on when the RSLA Loan is fully repaid and is based on a minimum amount that increases from thirty five percent (35%) of the RSLA Loan principal, if fully repaid in the first six months, to 100% of the RSLA Loan principal, if fully repaid after 30 months from the RSLA Loan's effective date.

The financing fees for the RSLA Loan were recorded as a debt discount. For the three months ending March 31, 2024, the Company amortized $ 789 of the debt discount and as of March 31, 2024 had a remaining debt discount balance of $13,422. For the three months ended March 31, 2024, the Company incurred $50,804 in interest related to the RSLA Loan.

Future Receipts Agreement

On February 26, 2024, the Company finalized an Agreement for the Purchase and Sale of Future Receipts (the "Future Receipts Agreement") with a buyer (the "Buyer") under which the Buyer purchased $344,925 of our future sales for a gross purchase price of $236,250. The Company received net proceeds of $225,000. Until the purchase price has been repaid, the Company agreed to pay the Buyer $ 13,797 per week.

Note 11 – Related Party Transactions

In the fourth quarter of 2022, the Company issued a series demand promissory notes in the aggregate principal amount of $ 550,000 to a related party, JAG, a company in which our Chief Financial Officer is a beneficiary but does not have any control over its investment decisions with respect to the Company, for an aggregate purchase price of $500,000. The JAG Notes accrue 10% annual interest from their respective dates of issuance. At maturity, the Company agreed to pay outstanding principal, a 10% financing fee and accrued interest. On July 10, 2023, the Company issued an additional demand promissory note in the principal amount of $110,000 to JAG for a purchase price of $100,000.

In consideration for subscribing to the JAG Note for $100,000 dated December 29, 2022, and for agreeing to extend the date on which the other JAG Notes are callable to March 31, 2023, the Company issued JAG a warrant to purchase 17,500 shares of common stock. The warrant may be exercised for a period of five (5) years from issuance at a price of $10.00 per share. On July 10, 2023 JAG agreed to extend the date on which the JAG Notes are callable to September 30, 2023.

In the fourth quarter of 2022, the Company issued demand promissory notes in the aggregate principal amount of $ 220,000 for an aggregate purchase price of $200,000, of which (1) $100,000 was received from its Chief Executive Officer ($60,000 on November 29, 2022, $15,000 on December 2, 2022, and $25,000 on December 13, 2022) and (2) $100,000 was received from an entity controlled by its Chief Financial Officer ($ 75,000 on November 29, 2022 and $25,000 on December 13, 2022). These notes accrue 10% annual interest accrues from the date of issuance. These notes are callable with 10 days prior written notice. At maturity, the Company agreed to pay outstanding principal, a 10% financing fee and accrued interest.

For the three months ended March 31, 2024, the Company incurred $ 20,222 in interest related to these demand notes.

As of March 31, 2024, the Company owed accounts payable to related parties totaling $ 288,084, primarily related to unpaid employee expense reimbursements and unpaid board fees and accrued compensation of $468,527, primarily related to deferred wages and accrued paid time off.

Note 12 – Stockholders' Equity

Reverse Stock Split

On June 28, 2023, the Company's board of directors approved a reverse stock split of the Company's common stock at a ratio of 1-for-20 and also approved a proportionate decrease in its authorized common stock to 6,250,000 shares from 125,000,000. On July 26, 2023, the Company filed a certificate of change (with an effective date of July 28, 2023) with the Nevada Secretary of State pursuant to Nevada Revised Statutes 78.209 to effectuate a 1-for-20 reverse stock split of its outstanding common stock. On July 27, 2023, the Company received notice from Nasdaq that the reverse split would take effect at the open of business on July 28, 2023, and the reverse stock split took effect on that date. All share information included in this Form 10-Q has been reflected as if the reverse stock split occurred as of the earliest period presented.

Increase in Authorized Common Stock

On October 13, 2023, shareholders of the Company approved an increase to the number of authorized shares of the Company's common stock from 6,250,000 shares to 50,000,000 shares as set forth below. On October 13, 2023, the Company filed a Certificate of Amendment to its Articles of Incorporation to increase its authorized shares of common stock from 6,250,000 shares to 50,000,000 shares.

Series A Preferred Stock

On November 20, 2023, the Company filed with the Nevada Secretary of State a Certificate of Designation of Series A Convertible Preferred Stock (the "Series A Certificate of Designation") which sets forth the rights, preferences, and privileges of the Series A Preferred Stock (the "Series A Preferred"). One million (1,000,000) shares of Series A Preferred with a stated value of $ 5.00 per share were authorized under the Series A Certificate of Designation.

Each share of Series A Preferred has a stated value of $ 5.00, which is convertible into shares of the Company's common stock at a fixed conversion price equal to $2.20 per share, subject to adjustment. The Company may not effect the conversion of any shares of Series A Preferred if, after giving effect to the conversion or issuance, the holder, together with its affiliates, would beneficially own more than 9.99% of the Company's outstanding common stock. Moreover, the Company may not effect the conversion of any shares of Series A Preferred if, after giving effect to the conversion or issuance, the holder, together with its affiliates, would beneficially own more than 19.99% of the Company's outstanding common stock unless and until the Company receives the approval required by the applicable rules and regulations of The Nasdaq Stock Market LLC (or any subsequent trading market).

Each share of Series A Preferred stock shall automatically convert into common stock upon the closing of a merger (the “Merger”) of INVO Merger Sub Inc., a wholly owned subsidiary of the Company and a Delaware corporation (“Merger Sub”), with and into NAYA Biosciences, Inc., a Delaware corporation (“NAYA”) pursuant to an Agreement and Plan of Merger, as amended, by and among the Company, Merger Sub, and NAYA (the “Merger Agreement”).

The holders of Series A Preferred shall be entitled to receive a pro-rata portion, on an as-if converted basis, of any dividends payable on common stock.

In the event of any voluntary or involuntary liquidation, dissolution, or winding up, or sale of the Company (other than the Merger), each holder of Series A Preferred shall be entitled to receive its pro rata portion of an aggregate payment equal to (i) $5.00, multiplied by (ii) the total number of shares of Series A Preferred Stock issued under the Series A Certificate of Designation.

Other than those rights provided by law, the holders of Series A Preferred shall not have any voting rights.

Since the conversion of the Series A Preferred Stock is contingent on the closing of the Merger, it is not considered a mandatorily redeemable financial instrument until the closing of the Merger and therefore is not considered a liability under ASC 480. Additionally, since the Series A Preferred Stock is redeemable for the Company’s common stock upon an even within the Company’s control, it is classified as permanent equity.

On December 29, 2023, the Company entered into securities purchase agreement (the “Preferred Series A SPA”) with NAYA for the purchase of 1,000,000 shares of the Company’s Series A Preferred Stock at a purchase price of $ 5.00 per share. The parties agreed that NAYA’s purchases would be made in tranches in accordance with the following schedule: (1) $500,000 no later than Dec 29, 2023; (2) $500,000 no later than January 19, 2024; (3) $500,000 no later than February 2, 2024; (4) $500,000 no later than February 16, 2024; and (5) an additional amount as may be required prior to closing of the previously announced merger by and among the Company, INVO Merger Sub, Inc. and NAYA, and to be determined in good faith by the parties to adequately support the Company’s fertility business activities per an agreed forecast, as well as for a period of twelve (12) months post-closing including a catch-up on the Company’s past due accrued payables still outstanding. The Preferred Series A SPA contains customary representations, warranties and covenants of the Company and NAYA.

On January 4, 2024, the Company and NAYA closed on 100,000 shares of Series A Preferred Stock in the first tranche of this private offering for gross proceeds of $500,000.

Series B Preferred Stock

On November 20, 2023, the Company filed with the Nevada Secretary of State a Certificate of Designation of Series B Convertible Preferred Stock (the “Series B Certificate of Designation”) which sets forth the rights, preferences, and privileges of the Series B Preferred Stock (the “Series B Preferred”). One million two hundred (1,200,000) shares of Series B Preferred with a stated value of $ 5.00 per share were authorized under the Series B Certificate of Designation.

Each share of Series B Preferred has a stated value of $ 5.00, which is convertible into shares of the Company’s common stock at a fixed conversion price equal to $5.00 per share, subject to adjustment. The Company may not effect the conversion of any shares of Series B Preferred if, after giving effect to the conversion or issuance, the holder, together with its affiliates, would beneficially own more than 19.99% of the Company’s outstanding common stock unless and until the Company receives the approval required by the applicable rules and regulations of Nasdaq (or any subsequent trading market).

Each share of Series B Preferred stock shall automatically convert into common stock upon the closing of the Merger.

The holders of Series B Preferred shall be entitled to receive a pro-rata portion, on an as-if converted basis, of any dividends payable on common stock.

In the event of any voluntary or involuntary liquidation, dissolution, or winding up, or sale of the Company (other than the previously announced merger with NAYA), each holder of Series B Preferred shall be entitled to receive its pro rata portion of an aggregate payment equal to (i) $5.00, multiplied by (ii) the total number of shares of Series B Preferred Stock issued under the Series B Certificate of Designation.

Other than those rights provided by law, the holders of Series B Preferred shall not have any voting rights.

Since the conversion of the Series B Preferred Stock is contingent on the closing of the Merger, it is not considered a mandatorily redeemable financial instrument until the closing of the Merger and therefore is not considered a liability under ASC 480. Additionally, since the Series B Preferred Stock is redeemable for the Company’s common stock upon an event within the Company’s control, it is classified as permanent equity.

On November 19, 2023, the Company entered into a share exchange agreement (the “Share Exchange Agreement”) with Cytovia Therapeutics Holdings, Inc., a Delaware corporation (“Cytovia”) for Cytovia’s acquisition of 1,200,000 shares of the Company’s newly designated Series B Preferred Stock in exchange for 163,637 shares of common stock of NAYA held by Cytovia (the “Share Exchange”). On November 20, 2023, the Company and Cytovia closed on the exchange of shares. As of March 31, 2024, the Company owns approximately 6.5% of the outstanding shares of NAYA’s common stock and had no significant control over NAYA therefore the asset is accounted for using the fair value method.

February 2023 Equity Purchase Agreement

On February 3, 2023, the Company entered into an equity purchase agreement (the “ELOC”) and registration rights agreement (the “ELOC RRA”) with an accredited investor (the “Feb 3 Investor”) pursuant to which the Company has the right, but not the obligation, to direct the Feb 3 Investor to purchase up to $10.0 million (the “Maximum Commitment Amount”) of shares of common stock, in multiple tranches. Further, under the ELOC and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit notices to the Feb 3 Investor to purchase shares of common stock (i) in a minimum amount of not less than $25,000 and (ii) in a maximum amount of up to the lesser of (a) $750,000 or (b) 200% of the Company’s average daily trading value of the common stock.

Also on February 3, 2023, the Company issued to the Feb 3 Investor 7,500 shares of common stock for its commitment to enter into the ELOC.

The obligation of the Feb 3 Investor to purchase shares of common stock pursuant to the ELOC ends on the earlier of (i) the date on which the purchases under the ELOC equal the Maximum Commitment Amount, (ii) 24 months after the date of the ELOC (February 3, 2025), (iii) written notice of termination by the Company, (iv) the date that the ELOC RRA is no longer effective after its initial effective date, or (v) the date that the Company commences a voluntary case or any person or entity commences a proceeding against the Company pursuant to or within the meaning of federal or state bankruptcy law, a custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors (the “Commitment Period”).

During the Commitment Period, and subject to the shares of common stock underlying the ELOC be registered, the price that Feb 3 Investor will pay to purchase the shares of common stock that it is obligated to purchase under the ELOC shall be 97% of the “market price,” which is defined as the lesser of (i) the lowest closing price of our common stock during the 7 trading day-period following the clearance date associated with the applicable put notice from the Company or (ii) the lowest closing bid price of the common stock on the principal trading market for the common stock (currently, the Nasdaq Capital Market) on the trading day immediately preceding a put date.

To date, the Company has not been in a position to register the shares underlying the ELOC as a result of standstill agreements related to the RD Offering and the August 2023 Offering (both as defined below).

March 2023 Registered Direct Offering

On March 23, 2023, INVO entered into a securities purchase agreement (the "March Purchase Agreement") with a certain institutional investor, pursuant to which the Company agreed to issue and sell to such investor (i) in a registered direct offering (the "RD Offering"), 69,000 shares of common stock, and a pre-funded warrant (the "Pre-Funded Warrant") to purchase up to 115,000 shares of common stock, at an exercise price of $ 0.20 per share, and (ii) in a concurrent private placement (the "March Warrant Placement"), a common stock purchase warrant (the "March Warrant"), exercisable for an aggregate of up to 276,000 shares of common stock, at an exercise price of $ 12.60 per share. The securities to be issued in the RD Offering (priced at the marked under Nasdaq rules) were offered pursuant to the Company's shelf registration statement on Form S-3 (File 333-255096), initially filed by the Company with the SEC under the Securities Act, on April 7, 2021 and declared effective on April 16, 2021. All Pre-Funded Warrants were exercised by the investor in June 2023.

The March Warrant (and the shares of common stock issuable upon the exercise of the March Warrant) was not registered under the Securities Act and was offered pursuant to an exemption from the registration requirements of the Securities Act provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder. The March Warrant is immediately exercisable upon issuance, will expire eight years from the date of issuance, and in certain circumstances may be exercised on a cashless basis.

On March 27, 2023, the Company closed the RD Offering and March Warrant Placement, raising gross proceeds of approximately $ 3 million before deducting placement agent fees and other offering expenses payable by the Company. In the event the March Warrant were fully exercised for cash, the Company would receive additional gross proceeds of approximately $3.5 million. Under the March Purchase Agreement, the Company was entitled to use a portion of the net proceeds of the offering to (a) repay the February Debentures, and (b) to make the down payment for the WFI acquisition. The remainder of the net proceeds could be used for working capital, capital expenditures, and other general corporate purposes. The Company used $383,879 in proceeds to repay a portion of the February Debentures and related fees and interest and the remainder of the proceeds were used for working capital and general corporate purposes.

August 2023 Public Offering

On August 4, 2023, the Company, entered into securities purchase agreements (the "Purchase Agreements") with certain institutional and other investors, pursuant to which the Company agreed to issue and sell to such investors in a public offering (the "August 2023 Offering"), 1,580,000 units (the "Units") at a price of $2.85 per Unit, with each Unit consisting of (i) one share of common stock (the "Shares") of the Company, and (ii) two common stock purchase warrants (the "August 2023 Warrants"), each exercisable for one share of common stock at an exercise price of $2.85 per share. In the aggregate, in the August 2023 Offering the Company issued 1,580,000 Shares and 3,160,000 August 2023 Warrants. The securities issued in the August 2023 Offering were offered pursuant to the Company's registration statement on Form S-1 (File 333-273174) (the "Registration Statement"), initially filed by the Company with the SEC under the Securities Act, on July 7, 2023 and declared effective on August 3, 2023.

The Company closed the Offering on August 8, 2023, raising gross proceeds of approximately $ 4.5 million before deducting placement agent fees and other offering expenses payable by the Company. The Company used (i) $2,150,000 to fund the initial installment of the WFI purchase price (net of a $350,000 holdback) on August 10, 2023, (ii) $1,000,000 to pay Armistice the Armistice Amendment Fee (as defined below), and (iii) $ 139,849 to complete repayment of the February Debentures to the February Investors, plus accrued interest and fees of approximately $10,911. The Company is using the remaining proceeds from the August 2023 Offering for working capital and general corporate purposes.

In connection with the August 2023 Offering, on August 4, 2023, the Company entered into a placement agency agreement (the "Placement Agency Agreement") with Maxim Group LLC (the "Placement Agent"), pursuant to which (i) the Placement Agent agreed to act as placement agent on a "best efforts" basis in connection with the August 2023 Offering and (ii) the Company agreed to pay the Placement Agent an aggregate fee equal to 7.0% of the gross proceeds (and 5% for certain investors) raised in the August 2023 Offering and warrants to purchase up to 110,600 shares of common stock at an exercise price of $3.14 (the "Placement Agent Warrants"). The Placement Agent Warrants (and the shares of common stock issuable upon the exercise of the Placement Agent Warrants) were not registered under the Securities Act and were offered pursuant to an exemption from the registration requirements of the Securities Act provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder.

The August 2023 Offering was facilitated by the Company entering into an Amendment to Securities Purchase Agreement on July 7, 2023 (the "Armistice Amendment") with Armistice Capital Markets Ltd. to delete Section 4.12(a) of our March 23, 2023 Securities Purchase Agreement (the "Armistice SPA") with Armistice pursuant to which we agreed that from March 23, 2023 until 45 days after the effective date of the Resale Registration Statement (as defined below) we would not (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents or (ii) file any registration statement or any amendment or supplement thereto, other than the prospectus supplement filed in connection with that offering and the Resale Registration Statement (the "Subsequent Equity Financing Provision"). In consideration of Armistice's agreement to enter into the Armistice Amendment and delete the Subsequent Equity Financing Provision from the Armistice SPA, we agreed to pay Armistice a fee a $1,000,000 (the "Armistice Amendment Fee") within two days of the closing of the August 2023 Offering. Additionally, we agreed to include a proposal in our proxy statement for our 2023 Annual Meeting of Stockholders for the purpose of obtaining the approval of the holders of a majority of our outstanding voting common stock, to effectuate the reduction of the exercise price (the "Exercise Price Reduction") set forth in Section 2(b) of the common stock Purchase Warrants issued to Armistice on March 27, 2023 (the "Existing Warrants") to the per unit public offering price of the August 2023 Offering (or $2.85), in accordance with Nasdaq Rule 5635(d) (the "Shareholder Approval") with the recommendation of our board of directors that such proposal be approved. We also agreed to solicit proxies from our shareholders in connection therewith in the same manner as all other management proposals in such proxy statement and that all management-appointed proxyholders shall vote their proxies in favor of such proposal. Further, if we did not obtain Shareholder Approval at the first meeting, we agree to call a meeting every six (6) months thereafter to seek Shareholder Approval until the earlier of the date Shareholder Approval is obtained or the Existing Warrants are no longer outstanding. Until such approval is obtained, the exercise price of the Existing Warrants will remain unchanged. At the annual meeting on December 26, 2023, Company shareholders approved the Exercise Price Reduction.

Triton Purchase Agreement

On March 27, 2024, the Company entered into a purchase agreement (the "Triton Purchase Agreement") with Triton Funds LP ("Triton"), pursuant to which the Company agreed to sell, and Triton agreed to purchase, upon the Company's request in one or more transactions, up to 1,000,000 shares of the Company's common stock, par value $0.0001 per share, providing aggregate gross proceeds to the Company of up to $ 850,000. Triton will purchase the shares of common stock under the Triton Purchase Agreement at the price of $0.85 per share. The purchase agreement expires upon the earlier of the sale of all 1,000,000 shares of the Company's common stock or December 31, 2024.

Among other limitations, unless otherwise agreed upon by Triton, each individual sale of shares of common stock will be limited to no more than the number of shares of common stock that would result in the direct or indirect beneficial ownership by Triton of more than 9.99% of the then-outstanding shares of common stock. In addition, the total cumulative number of shares of common stock that may be issued to Triton under the Triton Purchase Agreement may not exceed the requirements of Nasdaq Listing Rule 5635(d), except that such limitation will not apply in the event the Company obtains stockholder approval of the shares of common stock to be issued under the Triton Purchase Agreement, if necessary, in accordance with the requirements of Nasdaq Listing Rule 5635(d).

The Triton Purchase Agreement provides that the Company will file a prospectus supplement (the "Prospectus Supplement") to its Registration Statement on Form S-3, which was declared effective on April 16, 2021 (File No. 333-255096) (the "Base Registration Statement"), covering the offering and sale of the shares of common stock to Triton pursuant to the Triton Purchase Agreement. Triton's obligation to purchase shares of common stock under the Triton Purchase Agreement is conditioned upon, among other things, the filing of the Prospectus Supplement and the Base Registration Statement remaining effective.

The Triton Purchase Agreement contains customary representations, warranties, and covenants by each of the Company and Triton. Actual sales of shares of common stock to Triton will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. Triton has no right to require any sales of shares of common stock by the Company but is obligated to make purchases of shares of common stock from the Company from time to time, pursuant to directions from the Company, in accordance with the Triton Purchase Agreement. During the term of the Triton Purchase Agreement, Triton has covenanted not to cause or engage in any short selling of shares of common stock.

No sales of common stock were closed under the Triton Purchase Agreement prior to March 31, 2024.

Three Months Ended March 31, 2024

During the first three months of 2023, the Company issued 125,500 shares of common stock to consultants in consideration of services rendered with a fair value of $142,450. These shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The Company did not receive any cash proceeds from this issuance.

On January 31, 2024, the Company issued 100,000 shares of Series A Preferred Stock to NAYA for proceeds of $ 500,000.

Note 13 – Equity-Based Compensation

Equity Incentive Plans

In October 2019, the Company adopted the 2019 Plan. Under the 2019 Plan, the Company's board of directors is authorized to grant stock options to purchase common stock, restricted stock units, and restricted shares of common stock to its employees, directors, and consultants. The 2019 Plan initially provided for the issuance of 25,000 shares. A provision in the 2019 Plan provides for an automatic annual increase equal to 6% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. In January 2024, the number of available shares increased by 149,551 shares bringing the total shares available under the 2019 Plan to 311,049.

Options granted under the 2019 Plan generally have a life of 3 to 10 years and exercise prices equal to or greater than the fair market value of the common stock as determined by the Company's board of directors. Vesting for employees typically occurs over a three-year period. For the three months ended March 31, 2024, the Company incurred $71,301 in expense related to the vesting of options.

The following table sets forth the activity of the options to purchase common stock under the 2019 Plan.

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	106,753	$ 41.90	$ -
Granted	-	-	-
Exercised	-	-	-
Canceled	(7,791)	34.18	-
Balance as of March 31, 2024	98,962	$ 35.20	$ -
Exercisable as of March 31, 2024	84,260	$ 52.83	$ -

The fair value of each option granted is estimated as of the grant date using the Black-Scholes option pricing model with the following assumptions:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Risk-free interest rate range	-%	3.6-3.63%
Expected life of option-years	-	5
Expected stock price volatility	-%	114.5-114.9%
Expected dividend yield	-%	-%

The risk-free interest rate is based on U.S. Treasury interest rates, the terms of which are consistent with the expected life of the stock options. Expected volatility is based upon the average historical volatility of the common stock over the period commensurate with the expected term of the related instrument. The expected life and estimated post-employment termination behavior is based upon historical experience of homogeneous groups, executives and non-executives, within the Company. The Company does not currently pay dividends on its common stock, nor does it expect to do so in the foreseeable future.

	Total Intrinsic Value of Options Exercised		Total Fair Value of Options Vested	
Year ended December 31, 2023	$	-	$	1,049,109
Three months ended March 31, 2024	$	-	$	71,301

For the three months ended March 31, 2024, there were no options granted. The Company estimates the fair value of options at the grant date using the Black-Scholes model. For all stock options granted through March 31, 2024, the weighted average remaining service period is 1 year.

Restricted Stock and Restricted Stock Units

In the three months ended March 31, 2024, the Company did not grant any restricted stock units or shares of restricted stock to certain employees, directors, and consultants under the 2019 Plan. Restricted stock issued to employees, directors, and consultants generally vest either at grant or vest over a period of one year from the date of grant.

The following table summarizes the Company's restricted stock awards activity under the 2019 Plan during the three months ended March 31, 2024:

	Number of Unvested Shares		Weighted Average Grant Date Fair Value		Aggregate Value of Shares
Balance as of December 31, 2023	25	$	18.42	$	5,525
Granted	-		-		-
Vested	-		-		-
Forfeitures	-		-		-
Balance as of March 31, 2024	25		18.42		5,525

Note 14 – Unit Purchase Options and Warrants

The following table sets forth the activity of unit purchase options:

		Number of Unit Purchase Options		Weighted Average Exercise Price		Aggregate Intrinsic Value
Outstanding as of December 31, 2023	$	4,649	$	64.00	$	-
Granted		-		-		-
Exercised		-		-		-
Canceled		-		-		-
Balance as of March 31, 2024	$	4,649	$	64.00	$	-

The following table sets forth the activity of warrants:

	Number of Warrants		Weighted Average Exercise Price		Aggregate Intrinsic Value
Outstanding as of December 31, 2023	3,488,620	$	3.95	$	-
Granted	1,000,000		2.00		-
Exercised	-		-		-
Canceled	-		-		-
Balance as of March 31, 2024	4,488,620	$	2.46	$	-

Warrants related to Jan and March 2023 Convertible Notes

In January and March 2023, the Company issued 5-year warrants to purchase 19,375 shares of the common stock at an exercise price of $ 20.00 related to the Q1 23 Convertible Notes. As of December 27, 2023, as an incentive for the Q1 23 Convertible Note holders to approve the extension, the Company agreed to lower the warrant exercise price to $2.25. As the terms for the note were deemed substantially different, the Company recognized a $163,278 loss from debt extinguishment related to the change in terms.

Warrants related to February 2023 Convertible Debentures

On February 3, and February 17, 2023, the Company issued warrants (the "February Warrants") to purchase 12,500 shares (the "February Warrant Shares") of common stock at an exercise price of $15.00 per share as an inducement for issuing the February Debentures.

The February Warrants included anti-dilution protection whereby a subsequent offering priced below the February Warrants' strike price then in effect would entitle the February Investors to a reduction of such strike price to the price of such subsequent offering and an increase in the February Warrant Shares determined by dividing the dollar amount for which the February Warrants are exercisable by such lower strike price. As a result of the $2.85 unit purchase price of the August 2023 Offering, following consummation of the August 2023 Offering, the February Warrants now entitle the February Investors to purchase a total 65,790 at an exercise price of $2.85 per February Warrant Share. On August 8, 2023, the Company issued 26,391 shares of common stock upon exercise of one of the February Warrants on a net-exercise basis and on August 21, 2023, the Company issued 17,594 shares of common stock upon exercise of the other February Warrant on a net-exercise basis. Following these exercises, there were no February Warrants outstanding.

Warrants related to March 2023 Registered Direct Offering

On March 23, 2023, INVO entered into a securities purchase agreement (the "March Purchase Agreement") with a certain institutional investor, pursuant to which the Company agreed to issue and sell to such investor (i) in a registered direct offering (the "RD Offering"), 69,000 shares of common stock, and a pre-funded warrant (the "Pre-Funded Warrant") to purchase up to 115,000 shares of common stock, at an exercise price of $ 0.20 per share, and (ii) in a concurrent private placement (the "March Warrant Placement"), a common stock purchase warrant (the "March Warrant"), exercisable for an aggregate of up to 276,000 shares of common stock, at an exercise price of $ 12.60 per share. The securities to be issued in the RD Offering (priced at the marked under Nasdaq rules) were offered pursuant to the Company's shelf registration statement on Form S-3 (File 333-255096), initially filed by the Company with the SEC under the Securities Act, on April 7, 2021 and declared effective on April 16, 2021. All Pre-Funded Warrants were exercised by the investor in June 2023.

The March Warrant (and the shares of common stock issuable upon the exercise of the March Warrant) was not registered under the Securities Act and was offered pursuant to an exemption from the registration requirements of the Securities Act provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder. The March Warrant is immediately exercisable upon issuance, will expire eight years from the date of issuance, and in certain circumstances may be exercised on a cashless basis.

On July 7, 2023, we entered into an Amendment to Securities Purchase Agreement (the "Armistice Amendment") with Armistice Capital Markets Ltd. to delete Section 4.12(a) of our March 23, 2023 Securities Purchase Agreement (the "Armistice SPA") with Armistice pursuant to which we agreed that from March 23, 2023 until 45 days after the effective date of the Resale Registration Statement (as defined below) we would not (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents or (ii) file any registration statement or any amendment or supplement thereto, other than the prospectus supplement filed in connection with that offering and the Resale Registration Statement (the "Subsequent Equity Financing Provision"). In consideration of Armistice's agreement to enter into the Armistice Amendment and delete the Subsequent Equity Financing Provision from the Armistice SPA, we agreed to pay Armistice a fee a $ 1,000,000 (the "Armistice Amendment Fee") within two days of the closing of the August 2023 Offering. Additionally, we agreed to include a proposal in our proxy statement for our 2023 Annual Meeting of Stockholders for the purpose of obtaining the approval of the holders of a majority of our outstanding voting common stock, to effectuate the reduction of the exercise price (the "Exercise Price Reduction") set forth in Section 2(b) of the common stock Purchase Warrants issued to Armistice on March 27, 2023 (the "Existing Warrants") to the per unit public offering price of the August 2023 Offering (or $ 2.85), in accordance with Nasdaq Rule 5635(d) (the "Stockholder Approval") with the recommendation of our board of directors that such proposal be approved. We also agreed to solicit proxies from our stockholders in connection therewith in the same manner as all other management proposals in such proxy statement and that all management-appointed proxyholders shall vote their proxies in favor of such proposal. Further, if we did not obtain Stockholder Approval at the first meeting, we agreed to call a meeting every six (6) months thereafter to seek Stockholder Approval until the earlier of the date Stockholder Approval is obtained or the Existing Warrants are no longer outstanding. Until such approval was obtained, the exercise price of the Existing Warrants will remain unchanged.

On December 26, 2023, INVO held its 2023 annual meeting of stockholders (the "2023 Annual Meeting") whereby INVO's stockholders voted on and approved the Exercise Price Reduction.

Warrants related to August 2023 Public Offering

In the August 2023 Offering, the Company issued and sold 1,580,000 Units at a price of $ 2.85 per Unit, with each Unit consisting of (i) one Share, and (ii) two August 2023 Warrants, each exercisable for one share of common stock at an exercise price of $2.85 per share. In the aggregate, in the August 2023 Offering the Company issued 1,580,000 Shares and 3,160,000 Warrants. The securities issued in the August 2023 Offering were offered pursuant to the Company's registration statement on Form S-1 (File 333-273174), initially filed by the Company with the SEC under the Securities Act, on July 7, 2023 and declared effective on August 3, 2023.

In connection with the August 2023 Offering, on August 4, 2023, the Company issued to the Placement Agent Placement Agent Warrants to purchase 110,600 shares of common stock at an exercise price of $ 3.14. The Placement Agent Warrants (and the shares of common stock issuable upon the exercise of the Placement Agent Warrants) were not registered under the Securities Act and were offered pursuant to an exemption from the registration requirements of the Securities Act provided in Section 4(a)(2) of the Securities Act and Rule 506(b) promulgated thereunder.

Triton Private Placement Warrants

On March 27, 2024, the Company issued to Triton private placement warrants (the "Triton Warrants") to purchase up to 1,000,000 shares of its common stock at an exercise price of $2.00 per share. The Triton Warrants were issued in a private placement concurrently with the Triton Purchase Agreement. The Company did not receive any proceeds from the Triton Warrants issuance.

Note 15 – Income Taxes

The Company uses the asset and liability method to account for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If a carryforward exists, the Company decides as to whether the carryforward will be utilized in the future. Currently, a valuation allowance is established for all deferred tax assets and carryforwards as their recoverability is deemed to be uncertain. If the Company's expectations for future operating results at the federal or at the state jurisdiction level vary from actual results due to changes in healthcare regulations, general economic conditions, or other factors, it may need to adjust the valuation allowance, for all or a portion of the Company's deferred tax assets. The Company's income tax expense in future periods will be reduced or increased to the extent of offsetting decreases or increases, respectively, in the Company's valuation allowance in the period when the change in circumstances occurs. These changes could have a significant impact on the Company's future earnings.

Income tax expense was $1,836 and $0 for the three months ended March 31, 2024 and 2023, respectively. The annual forecasted effective income tax rate for 2024 is 0%, with a year-to-date effective income tax rate for the three months ended March 31, 2024, of 0%.

Note 16 – Commitments and Contingencies

Insurance

The Company's insurance coverage is carried with third-party insurers and includes: (i) general liability insurance covering third-party exposures; (ii) statutory workers' compensation insurance; (iv) excess liability insurance above the established primary limits for general liability and automobile liability insurance; (v) property insurance, which covers the replacement value of real and personal property and includes business interruption; and (vi) insurance covering our directors and officers for acts related to our business activities. All coverage is subject to certain limits and deductibles, the terms and conditions of which are common for companies with similar types of operations.

Legal Matters

The Company is not currently subject to any material legal proceedings; however, it could be subject to legal proceedings and claims from time to time in the ordinary course of its business, or legal proceedings it considered immaterial may in the future become material. Regardless of the outcome, litigation can, among other things, be time consuming and expensive to resolve, and can divert management resources.

NAYA Biosciences Merger Agreement

On October 22, 2023, the Company, INVO Merger Sub Inc., a wholly owned subsidiary of the Company and a Delaware corporation ("Merger Sub"), and NAYA Biosciences, Inc., a Delaware corporation ("NAYA"), entered into an Agreement and Plan of Merger, as amended on October 25, 2023 (the "Merger Agreement").

Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge (the "Merger") with and into NAYA, with NAYA continuing as the surviving corporation and a wholly owned subsidiary of the Company.

At the effective time and as a result of the Merger, each share of Class A common stock, par value $ 0.000001 per share, of NAYA (the "NAYA common stock") outstanding immediately prior to the effective time of the Merger, other than certain excluded shares held by NAYA as treasury stock or owned by the Company or Merger Sub, will be converted into the right to receive 7.33333 (subject to adjustment as set forth in the Merger Agreement) shares of a newly designated series of common stock, par value $0.0001 per share, of the Company which shall be entitled to ten (10) votes per each share ("Company Class B common stock") for a total of approximately 18,150,000 shares of the Company (together with cash proceeds from the sale of fractional shares, the "Merger Consideration").

Immediately following the effective time of the Merger, Dr. Daniel Teper, NAYA's current chairman and chief executive officer, will be named chairman and chief executive officer of the Company, and the board of directors will be comprised of at least seven (7) directors, of which (i) one shall be Steven Shum, INVO's current chief executive officer, and (ii) six (6) shall be identified by NAYA, of which five (5) shall be independent directors.

Pursuant to the original Merger Agreement, the completion of the Merger is subject to satisfaction or waiver of certain customary mutual closing conditions, including (1) the adoption of the Merger Agreement by the stockholders of the Company and NAYA, (2) the absence of any injunction or other order issued by a court of competent jurisdiction or applicable law or legal prohibition prohibiting or making illegal the consummation of the Merger, (3) the completion of due diligence, (4) the completion of an interim private offering of shares of Company common stock at a price that is a premium to the market price of the Company common stock in an estimated amount of $5,000,000 or more of gross proceeds (the "Interim PIPE"), (5) the completion of a sale of shares of common stock at a target price of $5.00 per share in a private offering resulting in sufficient cash available for Parent for one year of operations, as estimated by the Company (6) the aggregate of the liabilities of the Company, excluding certain specified liabilities, shall not exceed $5,000,000, (7) the receipt of waivers from any and all holders of warrants (and any other similar instruments) to securities of the Company, with respect to any fundamental transaction rights such warrant holders may have under any such warrants, (8) the continued listing of the Company common stock on NASDAQ through the effective time of the Merger and the approval for listing on NASDAQ of the shares of the Company common stock to be issued in connection with the Merger, the interim private offering, and a private offering of shares of Company common stock at a target price of $5.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Company common stock) resulting in sufficient cash available for the Company for one year of operations, as estimated by NAYA, (9) the effectiveness of a registration statement on Form S-4 to be filed by the Company pursuant to which the shares of Company common stock to be issued in connection with the Merger will be registered with the SEC, and the absence of any stop order suspending such effectiveness or proceeding for the purpose of suspending such effectiveness being pending before or threatened by the SEC, and (10) the Company shall have received customary lock-up Agreement from certain Company stockholders. The obligation of each party to consummate the Merger is also conditioned upon (1) the other party having performed in all material respects its obligations under the Merger Agreement and (2) the other party's representations and warranties in the Merger Agreement being true and correct (subject to certain materiality qualifiers); provided, however, that these conditions, other than with respects to certain representations and warranties, will be deemed waived by the Company upon the closing of the interim private offering.

The original Merger Agreement contains termination rights for each of the Company and NAYA, including, among others: (1) if the consummation of the Merger does not occur on or before December 31, 2023 (the "End Date") (which has since been extended to June 30, 2024), except that any party whose material breach of the Merger Agreement caused or was the primary contributing factor that resulted in the failure of the Merger to be consummated on or before the End Date, (2) if any governmental authority has enacted any law or order making illegal, permanently enjoining, or otherwise permanently prohibiting the consummation of the Merger, and (3) if the required vote of the stockholders of either the Company or NAYA has not been obtained. The Merger Agreement contains additional termination rights for NAYA, including, among others: (1) if the Company materially breaches its non-solicitation obligations or fails to take all action necessary to hold a stockholder meeting to approve the transactions contemplated by the Merger Agreement, (2) if the aggregate of the liabilities of the Company, excluding certain specified liabilities, exceed $5,000,000, (3) if NAYA determines that the due diligence contingency will not be satisfied by October 26, 2023, (4) if NAYA determines that the Company has experienced a material adverse effect, or (5) the Company material breaches any representation, warranty, covenant, or agreement such that the conditions to closing would not be satisfied and such breach is incapable of being cured, unless such breach is caused by NAYA's failure to perform or comply with any of the covenants, agreements, or conditions hereof to be performed or complied with by it prior to the closing.

If all of NAYA's conditions to closing are satisfied or waived and NAYA fails to consummate the Merger, NAYA would be required to pay the Company a termination fee of $1,000,000. If all of the Company's conditions to closing conditions are satisfied or waived and the Company fails to consummate the Merger, the Company would be required to pay NAYA a termination fee of $1,000,000.

On December 27, 2023, the Company entered into a second amendment ("Second Amendment") to the Merger Agreement. Pursuant to the Second Amendment, the parties agreed to extend the End Date to April 30, 2024. The parties further agreed to modify the closing condition for the Interim PIPE from a private offering of shares of Company common stock at a price that is a premium to the market price of the Company common stock in an estimated amount of $5,000,000 or more of gross proceeds to a private offering of the Company's preferred stock at a price per share of $ 5.00 per share in an amount equal to at least $2,000,000 to the Company, plus an additional amount as may be required prior to closing of the Merger to be determined in good faith by the parties to adequately support the Company's fertility business activities per an agreed forecast, as well as for a period of twelve (12) months post-closing including a catch-up on the Company's past due accrued payables still outstanding. The parties further agreed to the following schedule (the "Minimum Interim Pipe Schedule") for the initial $2,000,000: (1) $500,000 no later than December 29, 2023, (2) $500,000 no later than January 19, 2024, (3) $500,000 no later than February 2, 2024, and (4) $500,000 no later than February 16, 2024. The parties also further agreed to modify the covenant of the parties regarding the Interim PIPE to require NAYA to consummate the Interim PIPE before the closing of the Merger; provided, however, if the Company does not receive the initial gross proceeds pursuant to the Minimum Interim Pipe Schedule, the Company shall be free to secure funding from third parties to make up for short falls on reasonable terms under SEC and Nasdaq regulations.

Effective as of May 1, 2024, the Company entered into third amendment ("Third Amendment") to the Merger Agreement. Pursuant to the Third Amendment, the parties agreed to extend the End Date to June 30, 2024. The parties further agreed to modify the definition of an "Interim PIPE" to mean (a) a sale of shares of the Company's Series A Preferred Stock pursuant to the Series A Preferred SPA, as amended ("Phase 1"), plus (b) a sale of shares of the Company's preferred stock at a price per share of $5.00 per share in a private offering, to be consummated prior to the closing of the Merger, resulting in an amount as may be required, to be determined in good faith by the parties to the Merger Agreement, to adequately support the Company's fertility business activities per an agreed forecast of the Company as well as for a period of twelve (12) months following the closing, including a catch-up on the Company's past due accrued payables still outstanding ("Phase 2"). The parties agreed that Phase I must be consummated pursuant to the terms of the Series A Preferred SPA and that Phase II much be consummated prior to the closing of the Merger. The parties also confirmed that the Company remains free to secure any amount of funding from third parties on any terms the Company deems reasonably acceptable under SEC and Nasdaq regulations without the prior written consent of NAYA. Under the Third Amendment, the Company may terminate the Merger Agreement if NAYA breaches or fails to perform any of its covenants and agreements set forth in the Securities Purchase Agreement in any respect.

As of the date of this filing, NAYA has purchased $ 906,000 of the Company's preferred stock.

Note 17 – Subsequent Events

Triton Purchase Agreement

On March 27, 2024, the Company delivered a purchase notice for 260,000 shares of common stock. The Company's common stock traded below the purchase price following the date of the purchase notice, giving Triton the right to return to the Company any of the 260,000 shares. On April 5, 2024, Triton notified the Company that it will return 185,000 shares to the Company and closed the purchase of 75,000 shares pursuant to the Triton Purchase Agreement for net proceeds of $36,750.

On April 16, 2024, the Company delivered a purchase notice for 185,000 shares of common stock, which was subsequently closed on April 19, 2024 for net proceeds of $155,000.

Consulting Shares

In April 2024, the Company issued 11,655 shares of common stock to consultants in consideration of services rendered. These shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The Company did not receive any cash proceeds from this issuance.

Debt Conversion

In April 2024, the Company issued 62,066 shares of common stock with a fair value of $ 139,649 as a result of the conversion of the Q1 2023 Convertible Notes and accrued interest thereon. No gain or loss was recorded on conversion, as the issuance of common stock was pursuant to the terms of a prior agreement.

FirstFire Securities Purchase Agreement

On April 5, 2024, the Company entered into a purchase agreement (the "FirstFire Purchase Agreement") with FirstFire Global Opportunities Fund, LLC ("FirstFire"), pursuant to which FirstFire agreed to purchase, and the Company agreed to issue and sell, (i) a promissory note with an aggregate principal amount of $275,000.00, which is convertible into shares of the Company's common stock, according to the terms, conditions, and limitations outlined in the note (the "FirstFire Note"), (ii) a warrant (the "First Warrant") to purchase 229,167 shares (the "First Warrant Shares") of the Company's common stock at an exercise price of $1.20 per share, (iii) a warrant (the "Second Warrant") to purchase 500,000 shares (the "Second Warrant Shares") of common stock at an exercise price of $0.01 issued to FirstFire, and (iv) 50,000 shares of common stock (the "Commitment Shares"), for a purchase price of $250,000. Carter, Terry, & Company, Inc. acted as placement agent for the transaction, for which it received a cash fee of $ 25,000 and 11,655 restricted shares of the Company's common stock. The proceeds were used for working capital and general corporate purposes.

Among other limitations, the total cumulative number of shares of common stock that may be issued to FirstFire under the FirstFire Purchase Agreement may not exceed the requirements of Nasdaq Listing Rule 5635(d), except that such limitation will not apply in the event the Company obtains stockholder approval of the shares of common stock to be issued under the Purchase Agreement, if necessary, in accordance with the requirements of Nasdaq Listing Rule 5635(d). The Company has agreed to hold a meeting for the purpose of obtaining this stockholder approval within nine (9) months of the date of the FirstFire Purchase Agreement.

The FirstFire Purchase Agreement contains customary representations, warranties, and covenants by each of the Company and FirstFire. Among other covenants of the parties, the Company granted FirstFire the right to participate in any subsequent placement of securities until the earlier of eighteen (18) months after the date of the FirstFire Purchase Agreement or extinguishment of the FirstFire Note. The Company has also granted customary "piggy-back" registration rights to FirstFire with respect to the shares of common stock underlying the FirstFire Note (the "Conversion Shares"), the First Warrant Shares, the Second Warrant Shares, and the Commitment Shares. FirstFire has covenanted not to cause or engage in any short selling of shares of common stock until the FirstFire Note is fully repaid.

The following sets forth the material terms of the FirstFire Note, the First Warrant, and the Second Warrant.

<u>FirstFire Note</u>

Interest and Maturity. The FirstFire Note carries an interest rate of twelve percent (12%) per annum, with the first twelve months of interest, amounting to $33,000.00, guaranteed, and fully earned as of the issue date. The maturity date of the FirstFire Note is twelve (12) months from the issue date, at which point the Principal Amount, together with any accrued and unpaid interest and other fees, shall be due and payable to the holder of the FirstFire Note.

Conversion. The holder of the FirstFire Note is entitled to convert any portion of the outstanding and unpaid principal amount and accrued interest into Conversion Shares at a conversion price of $1.00 per share, subject to adjustment. The FirstFire Note may not be converted and Conversion Shares may not be issued under the FirstFire Note if, after giving effect to the conversion or issuance, the holder together with its affiliates would beneficially own in excess of 4.99% of the outstanding common stock. In addition to the beneficial ownership limitations in the FirstFire Note, the number of shares of common stock that may be issued under the FirstFire Note, the First Warrant, the Second Warrant, and under the FirstFire Purchase Agreement (including the Commitment Shares) is limited to 19.99% of the outstanding common stock as of April 5, 2024 (the "Exchange Cap", which is equal to 523,344 shares of common stock, subject to adjustment as described in the FirstFire Purchase Agreement), unless stockholder approval is obtained by the Company to issue more than the Exchange Cap. The Exchange Cap shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction.

Prepayment. The Company may prepay the FirstFire Note at any time in whole or in part by paying a sum of money equal to 110% of the sum of the principal amount to be redeemed plus the accrued and unpaid interest.

Future Proceeds. While any portion of the FirstFire Note is outstanding, if the Company receives cash proceeds of more than $ 1,500,000 from any source or series of related or unrelated sources, or more than $1,000,000 from any public offering (the "Minimum Threshold"), the Company shall, within one (1) business day of Company's receipt of such proceeds, inform FirstFire of such receipt, following which FirstFire shall have the right in its sole discretion to require the Company to immediately apply up to 100% of all proceeds received by the Company above the Minimum Threshold to repay the outstanding amounts owed under the FirstFire Note.

Covenants. The Company is subject to various covenants that restrict its ability to, among other things, declare dividends, make certain investments, sell assets outside the ordinary course of business, or enter into transactions with affiliates, thereby ensuring the Company operational and financial activities are conducted in a manner that prioritizes the repayment of the FirstFire Note.

Events of Default. The FirstFire Note outlines specific events of default and provides FirstFire certain rights and remedies in such events, including but not limited to the acceleration of the FirstFire Note's due date and a requirement for the Company to pay a default amount. Specific events that constitute a default under the FirstFire Note include, but are not limited to, failure to pay principal or interest when due, breaches of covenants or agreements, bankruptcy or insolvency events, and a failure to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon an event of default, the FirstFire Note becomes immediately due and payable, and the Borrower is subject to a default sum as stipulated.

The FirstFire Note is subject to, and governed by, the terms and conditions of the FirstFire Purchase Agreement.

First Warrant

The First Warrant grants the holder thereof the right to purchase up to 229,167 shares of common stock at an exercise price of $ 1.20 per share.

Exercisability. The First Warrant is to be immediately exercisable and will expire five years from the issuance date. The First Warrant is exercisable, at the option of the holder, in whole or in part, by delivering to the Company a duly executed exercise notice and, at any time a registration statement registering the issuance of the First Warrant Shares under the Securities Act of 1933, as amended (the "Securities Act") is effective and available for the issuance of such First Warrant Shares, or an exemption from registration under the Securities Act is available for the issuance of such First Warrant Shares, by payment in full in immediately available funds for the number of First Warrant Shares purchased upon such exercise. If a registration statement registering the issuance of the First Warrant Shares underlying the First Warrant under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the First Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of First Warrant Shares determined according to the formula set forth in the First Warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the First Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the First Warrant.

Trading Market Regulation. Until the Company has obtained stockholder approval of the FirstFire Purchase Agreement and the issuance of the securities issued pursuant thereto, the Company may not issue any First Warrant Shares upon the exercise of the First Warrants if the issuance of such First Warrant Shares, (taken together with the issuance of any shares held by or issuable to the holder under the FirstFire Purchase Agreement or any other agreement with the Company) would exceed the aggregate number of shares which the Company may issue without breaching 523,344 shares (19.9% of the Company's outstanding common stock) or any of the Company's obligations under the rules or regulations of Nasdaq.

Exercise Price Adjustment. Subject to the aforementioned limitations, the exercise price of the First Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock, upon any distributions of assets, including cash, stock or other property to our stockholders, and if we issue additional shares of common stock at a price per share that is less than the exercise price then in effect.

Fundamental Transactions. The Company shall not enter into or be a party to a fundamental transaction unless the successor entity assumes all obligations of the Company under the First Warrant and other transaction documents. Upon consummation of a fundamental transaction, then the successor entity will succeed to, and be substituted for the Company, and may exercise every right and power that the Company may exercise and will assume all of the Company's obligations under the First Warrant with the same effect as if such successor entity had been named in the First Warrant itself.

Rights as a Stockholder. Except as otherwise provided in the First Warrant or by virtue of such holder's ownership of shares of common stock, the holder of the First Warrant will not have the rights or privileges of a holder of common stock, including any voting rights, until the holder exercises the First Warrant.

Second Warrant

The Second Warrant grants the holder thereof the right to purchase up to 500,000 shares of common stock at an exercise price of $ 0.01 per share.

Exercisability. The Second Warrant will only become exercisable on the specific Triggering Event Date, which is the date that an Event of Default occurs under the Note, and will expire five years from such date. The Second Warrant includes a 'Returnable Warrant' clause, providing that the Second Warrant shall be cancelled and returned to the Company if the Note is fully extinguished before any Triggering Event Date. The Second Warrant will be exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice and, at any time a registration statement registering the issuance of the Second Warrant Shares under the Securities Act is effective and available for the issuance of such Second Warrant Shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of Second Warrant Shares purchased upon such exercise. If a registration statement registering the issuance of Second Warrant Shares under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the Second Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of Second Warrant Shares determined according to the formula set forth in the warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the Second Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Second Warrant.

Trading Market Regulation. Until the Company has obtained stockholder approval of the FirstFire Purchase Agreement and the issuance of the securities issued pursuant thereto, the Company may not issue any Second Warrant Shares upon the exercise of the Second Warrants if the issuance of such Second Warrant Shares, (taken together with the issuance of any shares held by or issuable to the holder under the FirstFire Purchase Agreement or any other agreement with the Company) would exceed the aggregate number of shares which the Company may issue without breaching 523,344 shares (19.9% of the Company's outstanding common stock) or any of the Company's obligations under the rules or regulations of Nasdaq.

Exercise Price Adjustment. Subject to the aforementioned limitations, the exercise price of the Second Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock, upon any distributions of assets, including cash, stock or other property to our stockholders, and if we issue additional shares of common stock at a price per share that is less than the exercise price then in effect.

Fundamental Transactions. The Company shall not enter into or be a party to a fundamental transaction unless the successor entity assumes all obligations of the Company under the Second Warrant and other transaction documents. Upon consummation of a fundamental transaction, then the successor entity will succeed to, and be substituted for the Company, and may exercise every right and power that the Company may exercise and will assume all of the Company's obligations under the Second Warrant with the same effect as if such successor entity had been named in the Second Warrant itself.

Rights as a Stockholder. Except as otherwise provided in the Second Warrant or by virtue of such holder's ownership of shares of common stock, the holder of the Second Warrant will not have the rights or privileges of a holder of common stock, including any voting rights, until the holder exercises the Second Warrant.

August 2023 Offering Warrant Price Reduction

On April 17, 2024, the Company reduced the exercise price of the August 2023 Warrants from $ 2.85 per share to $1.20 per share effective April 17, 2024.

In April 2024, the Company issued 807,000 shares of common stock for proceeds of $ 968,400 upon the exercise of the August 2023 Warrants.

NASDAQ Delisting Notice

On April 17, 2024, the Company, having reported, on April 16, 2024, stockholders' equity of $ 892,825 in the Form 10-K for the period ended December 31, 2023, received notice (the "Notice") from the staff (the "Staff") of The Nasdaq Stock Market LLC ("Nasdaq") advising the Company that it no longer complies with Nasdaq Listing Rule 5550(b)(1) that requires companies listed on The Nasdaq Capital Market to maintain stockholders' equity of at least $2,500,000 (the "Equity Rule").

In a decision dated November 22, 2023, a Nasdaq Hearings Panel (the "Panel") previously had confirmed that the Company regained compliance with the Equity Rule. In the decision, the Panel imposed a Mandatory Panel Monitor for a period of one year or until November 22, 2024, which would require Staff to issue a Delist Determination Letter, in the event that the Company failed to maintain compliance with the Equity Rule (the "Panel Monitor"). As a result, the Notice contains the Staff's determination to delist the Company.

The Notice has no immediate effect on the listing of the Company's common stock and the Company's common stock continues to trade on The Nasdaq Capital Market under the symbol "INVO."

As described in the Notice, under Nasdaq rules, the Company had and exercised its right to request an appeal of this determination to prevent its securities from being delisted and suspended at the opening of business on April 26, 2024. The Company's hearing to present its appeal of the Staff's determination in front of the Panel has been scheduled for June 6, 2024.

The Company is currently evaluating various courses of action to regain compliance and plans to timely submit its plan to the Panel to regain compliance with the Equity Rule. There can be no assurance that the Company's plan will be accepted or that if it is, the Company will be able to regain compliance. If the Company's plan to regain compliance is not accepted, or if the Company fails to satisfy another Nasdaq requirement for continued listing, the Panel could decide that the Company's common stock will be delisted, which decision may not be appealed by the Company.

Tampa Lease Assignment

On April 19, 2024, INVO Centers LLC ("INVO Centers"), a wholly owned subsidiary of the Company, completed the assignment to Brown Fertility Associates PA ("Brown Fertility") of its lease with 4602 North Armenia Ave, LLC (the "Landlord"), for the property located at 4602 North Armenia Avenue, Suite 200, Tampa, LLC (the "Premises"). As a result of the doctor for the proposed Tampa INVO Center becoming unavailable and its current focus on prioritizing the acquisition of US-based profitable fertility clinics, the Company opted to assign the lease for the Premises. Brown Fertility paid INVO Centers $475,000 to secure the space and INVO was fully released by the Landlord under the assignment. INVO used $ 356,546.66 of the assignment proceeds to complete payment to the Landlord for the buildout of the Premises and for rent accrued before the completion of the assignment. The remaining proceeds will be used for general working capital.

Series A Preferred Stock Issuance

On April 15, 2024, the Company and NAYA closed on additional 61,200 shares of Series A Preferred Stock for additional gross proceeds of $ 306,000.

Third Amendment to NAYA Agreement and Plan of Merger

Effective as of May 1, 2024, the Company entered into a third amendment ("Third Amendment") to the Merger Agreement. Pursuant to the Third Amendment, the parties agreed to extend the End Date to June 30, 2024. The parties further agreed to modify the definition of an "Interim PIPE" to mean (a) a sale of shares of the Company's Series A Preferred Stock pursuant to the Series A Preferred SPA, as amended ("Phase 1"), plus (b) a sale of shares of the Company's preferred stock at a price per share of $5.00 per share in a private offering, to be consummated prior to the closing of the Merger, resulting in an amount as may be required, to be determined in good faith by the parties to the Merger Agreement, to adequately support the Company's fertility business activities per an agreed forecast of the Company as well as for a period of twelve (12) months following the closing, including a catch-up on the Company's past due accrued payables still outstanding ("Phase 2"). The parties agreed that Phase I must be consummated pursuant to the terms of the Series A Preferred SPA and that Phase II much be consummated prior to the closing of the Merger. The parties also confirmed that the Company remains free to secure any amount of funding from third parties on any terms the Company deems reasonably acceptable under SEC and Nasdaq regulations without the prior written consent of NAYA. Under the Third Amendment, the Company may terminate the Merger Agreement if NAYA breaches or fails to perform any of its covenants and agreements set forth in the Securities Purchase Agreement in any respect.

Amendment to NAYA Securities Purchase Agreement

Effective as of May 1, 2024, the Company entered into an Amendment (the "SPA Amendment") to the Series A Preferred SPA. Pursuant to the SPA Amendment, the parties agreed to the following closing schedule for NAYA's purchases of the remaining 838,800 shares of the Company's Series A Preferred Stock at a purchase price of $5.00 per share:

Closing Date	Shares	Aggregate Purchase Price
May 10, 2024	20,000	$ 100,000

May 17, 2024	30,000	$	150,000
May 24, 2024	30,000	$	150,000
May 31, 2024	30,000	$	150,000
June 7, 2024	30,000	$	150,000
June 14, 2024	30,000	$	150,000
June 21, 2024	30,000	$	150,000
June 28, 2024	30,000	$	150,000
July 5, 2024	30,000	$	150,000
On or before the closing of the Merger Agreement, to be determined in good faith by the Subscriber and the Company	598,800	$	2,894,000

On May 10, 2024, the Company and NAYA closed on 20,000 shares of Series A Preferred Stock for gross proceeds of $ 100,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise noted.

Throughout this Quarterly Report on Form 10-Q, references to "we," "our," "us," the "Company," "INVO," or "INVO Bioscience, Inc." refer to INVO Bioscience, Inc.

Overview

We are a healthcare services fertility company dedicated to expanding access to fertility care around the world. Our commercial strategy is primarily focused on operating fertility-focused clinics, which include the opening of "INVO Centers" dedicated primarily to offering the intravaginal culture ("IVC") procedure enabled by our INVOcell® medical device and the acquisition of US-based, profitable in vitro fertilization ("IVF") clinics. As of the date of this filing, we have two operational INVO Centers in the United States and completed our first IVF clinic acquisition in August 2023. We also continue to engage in the sale and distribution of our INVOcell technology solution into existing independently owned and operated fertility clinics.

Acquisitions:

On August 10, 2023, we consummated the first acquisition of an existing IVF clinic, the Wisconsin Fertility Institute ("WFI"). As an established and profitable clinic, the closing of the WFI acquisition more than tripled the Company's current annual revenues and became a major part of the Company's clinic-based operations. The acquisition accelerates the transformation of INVO to a healthcare services company and immediately added scale and positive cash flow to the operations. It also complements the Company's existing new-build INVO Center efforts. The Company expects to continue to pursue additional acquisitions of established and profitable existing fertility clinics as part of its ongoing strategy to accelerate overall growth.

INVOcell:

Our proprietary technology, INVOcell®, is a revolutionary medical device that allows fertilization and early embryo development to take place in vivo within the woman's body. This treatment solution is the world's first intravaginal culture technique for the incubation of oocytes and sperm during fertilization and early embryo development and provides patients with a more natural, intimate, and affordable experience in comparison to other assisted reproductive technology ("ART") treatments. We believe the IVC procedure can deliver comparable results at a lower cost than traditional IVF and is a significantly more effective treatment than intrauterine insemination ("IUI").

Unlike IVF where the oocytes and sperm develop into embryos in an expensive laboratory incubator, the INVOcell allows fertilization and early embryo development to take place in the woman's body. This allows for many benefits in the IVC procedure, including:

- Reduces expensive and time-consuming lab procedures, helping clinics and doctors to increase patient capacity and reduce costs;
- Provides a natural, stable incubation environment;
- Offers a more personal, intimate experience in creating a baby; and
- Reduces the risk of errors and wrong embryo transfers.

In both current utilization of the INVOcell, and in clinical studies, the IVC procedure has demonstrated equivalent pregnancy success and live birth rates as IVF.

While INVOcell remains part of our efforts, our commercial and corporate development strategy has expanded to focus more broadly on providing ART services through our emphasis on operating clinics.

Operations

We operate with a core internal team and outsource certain operational functions in order to help advance our efforts as well as reduce fixed internal overhead needs and costs and in-house capital equipment requirements. Our most critical management and leadership functions are carried out by our core management team. We have contracted out the manufacturing, assembly, packaging, labeling, and sterilization of the INVOcell device to a medical manufacturing company and a sterilization specialist to perform the gamma sterilization process.

To date, we have completed a series of important steps in the successful development and manufacturing of the INVOcell:

- Manufacturing: we are ISO 13485:2016 certified and manage all aspects of production and manufacturing with qualified suppliers. Our key suppliers, which include NextPhase Medical Devices and Casco Bay Molding, have been steadfast partners since our company first began and can provide us with virtually an unlimited capability to support our growth objectives, with all manufacturing performed in the New England region of the U.S..

- Raw Materials: all raw materials utilized for the INVOcell are medical grade and commonly used in medical devices (e.g., medical grade silicone, medical grade plastic). Our principal molded component suppliers, Casco Bay Molding and R.E.C. Manufacturing Corporation, are well-established companies in the molding industry and are either ISO 13485 or ISO 9001 certified. The molded components are supplied to our contract manufacturer for assembly and packaging of the INVOcell system. The contract manufacturer is ISO 13485 certified, and U.S. Food & Drug Administration ("FDA") registered.
- CE Mark: INVO Bioscience received the CE Mark in October 2019. The CE Mark permits the sale of devices in Europe, Australia and other countries that recognize the CE Mark, subject to local registration requirements.
- US Marketing Clearance: the safety and efficacy of the INVOcell has been demonstrated and cleared for marketing and use by the FDA in November 2015.
- Clinical: In June 2023 we received FDA 510(k) clearance to expand the labeling on the INVOcell device and its indication for use to provide for a 5-day incubation period. The data supporting the expanded 5-day incubation clearance demonstrated improved patient outcomes.

Market Opportunity

The global ART marketplace is a large, multi-billion industry growing at a strong pace in many parts of the world as increased infertility rates, increased patient awareness, acceptance of treatment options, and improving financial incentives such as insurance and governmental assistance continue to drive demand. According to the European Society for Human Reproduction 2020 ART Fact Sheet, one in six couples worldwide experience infertility problems. Additionally, the worldwide market remains vastly underserved as a high percentage of patients in need of care continue to go untreated each year for many reasons, but key among them are capacity constraints and cost barriers. While there have been large increases in the use of IVF, there are still only approximately 2.6 million ART cycles, including IVF, IUI and other fertility treatments, performed globally each year, producing around 500,000 babies. This amounts to less than 3% of the infertile couples worldwide being treated and only 1% having a child though IVF. The industry remains capacity constrained which creates challenges in providing access to care to the volume of patients in need. A survey by "Resolve: The National Infertility Association," indicates the two main reasons couples do not use IVF is cost and geographical availability (and/or capacity).

In the United States, infertility, affects an estimated 10%-15% of the couples of childbearing-age, according to the American Society of Reproductive Medicine (2017). According to the Centers for Disease Control ("CDC"), there are approximately 6.7 million women with impaired fertility. Based on 2021 data from CDC's National ART Surveillance System, approximately 413,000 IVF cycles were performed at 453 IVF centers, leaving the U.S. with a large, underserved patient population, similar to most markets around the world.

As part of the expanded corporate expansion efforts the Company has incorporated an acquisition strategy to the business. The Company estimates that there are approximately 80 to 100 established owner-operated IVF clinics that may represent suitable acquisitions as part of this additional effort.

Competitive Advantages

While our commercial efforts have expanded to clinic services within the ART market, we also continue to believe that our INVOcell device, and the IVC procedure it enables, have the following key advantages:

Lower cost than IVF with equivalent efficacy. The IVC procedure can be offered for less than IVF due to lower cost of supplies, labor, capital equipment and general overhead. The laboratory equipment needed to perform an IVF cycle is expensive and requires ongoing costs as compared to what is required for an IVC cycle. As a result, we also believe INVOcell and the IVC procedure enable a clinic and its laboratory to be more efficient as compared to conventional IVF.

The IVC procedure is currently being offered at several IVF clinics at a price range of $5,000 - $11,000 per cycle and from $4,500 to $7,000 at the existing INVO Centers, thereby making it more affordable than IVF (which tends to average $11,000 to $15,000 per cycle or higher).

Improved efficiency providing for greater capacity and improved access to care and geographic availability . In many parts of the world, including the U.S., IVF clinics tend to be concentrated in higher population centers and are often capacity constrained in terms of how many patients a center can treat, since volume is limited by the number of capital-intensive incubators available in IVF clinic labs. With the significant number of untreated patients along with the growing interest and demand for services, the industry remains challenged to provide sufficient access to care and to do so at an economical price. We believe INVOcell and the IVC procedure it enables can play a significant role in helping to address these challenges. According to the 2020 CDC Report, there are approximately 449 IVF centers in the U.S. We estimate that by adopting the INVOcell, IVF clinics can increase fertility cycle volume by up to 30% without adding to personnel, space and/or equipment costs. Our own INVO Centers also address capacity constraints by adding to the overall ART cycle capacity and doing so with comparable efficacy to IVF outcomes as well as at a lower per cycle price. Moreover, we believe that we are uniquely positioned to drive more significant growth in fertility treatment capacity in the future by partnering with existing OB/GYN practices. In the U.S., there are an estimated 5,000 OB/GYN offices, many of which offer fertility services (usually limited to consultation and IUI, but not IVF). Since the IVC procedure requires a much smaller lab facility, less equipment and fewer lab personnel (in comparison to conventional IVF), it could potentially be offered as an extended service in an OB/GYN office. With proper training and a lighter lab infrastructure, the INVOcell could expand the business for these physicians and allow them to treat patients that are unable to afford IVF and provide patients with a more readily accessible, convenient, and cost-effective solution. With our three-pronged strategy (IVF clinics, INVO Centers and OB/GYN practices), in addition to lowering costs, we believe INVOcell and the IVC procedure can address our industry's key challenges, capacity and cost, by their ability to expand and decentralize treatment and increase the number of points of care for patients in need. This powerful combination of lower cost and added capacity has the potential to open up access to care for underserved patients around the world.

Greater patient involvement. With the IVC procedure, the patient uses their own body for fertilization, incubation, and early embryo development which creates a greater sense of involvement, comfort, and participation. In some cases, this may also free people from barriers related to ethical or religious concerns, or fears of laboratory mix-ups.

INVOcell Sales and Marketing

Our approach to market is focused on identifying partners within targeted geographic regions that we believe can best support our efforts to expand access to advanced fertility treatment for the large number of underserved infertile people hoping to have a baby. We believe that the INVOcell-based IVC procedure is an effective and affordable treatment option that greatly reduces the need for more expensive IVF lab facilities and allows providers to pass on related savings to patients without compromising efficacy. We have been cleared to sell the INVOcell in the United States since November 2015 after receiving de novo class II clearance from the FDA. Our primary focus over the past two years has been on establishing INVO Centers in the U.S. and abroad to promote the INVOcell and the IVC procedure and acquiring existing U.S.-based IVF clinics where we can integrate the INVOcell. While we continue selling the INVOcell directly to IVF clinics and via distributors and other partners around the world, we have transitioned INVO from being a medical device company to one that is mostly focused on providing fertility services.

International Distribution Agreements

We have entered into exclusive distribution agreements for a number of international markets. These agreements usually have an initial term with renewal options and require the distributors to meet minimum annual purchases, which vary depending on the market. We are also required to register the product in each market before the distributor can begin importing, a process and timeline that can vary widely depending on the market.

The following table sets forth a list of our current international distribution agreements:

Market	Distribution Partner	Date	Initial Term	INVOcell Registration Status in Country
Mexico (a)	Positib Fertility, S.A. de C.V.	Sept 2020	TBD	Completed
Malaysia	iDS Medical Systems	Nov 2020	3-year	Completed
Pakistan	Galaxy Pharma	Dec 2020	1-year	In process
Thailand	IVF Envimed Co., Ltd.	April 2021	1-year	Completed
Sudan	Quality Medicines, Cosmetics & Medical Equipment Import	Sept 2020	1-year	In process
Ethiopia	Quality Medicines, Cosmetics & Medical Equipment Import	Sept 2020	1-year	In process
Uganda	Quality Medicines, Cosmetics & Medical Equipment Import	Sept 2020	1-year	Not required
Nigeria	G-Systems Limited	Sept 2020	5-year	Completed
Iran	Tasnim Behboud	Dec 2020	1-year	Completed
Sri Lanka	Alsonic Limited	July 2021	1-year	On hold
China	Onesky Holdings Limited	May 2022	5-year	In process

(a) Our Mexico JV. Please note that the registration is temporarily in the name of Proveedora de Equipos y Productos, S.A. de C.V. and will be transferred to Positib Fertility as soon as practicable.

Investment in Joint Ventures and Partnerships

As part of our commercialization strategy, we entered into a number of joint ventures and partnerships designed to establish new INVO Centers.

The following table sets forth a list of our current joint venture arrangements:

Affiliate Name	Country	Percent (%) Ownership
HRCFG INVO, LLC	United States	50%
Bloom INVO, LLC	United States	40%
Positib Fertility, S.A. de C.V.	Mexico	33%

Alabama JV Agreement

On March 10, 2021, our wholly owned subsidiary, INVO Centers, LLC (“INVO CTR”), entered into a limited liability company agreement with HRCFG, LLC (“HRCFG”) to form a joint venture for the purpose of establishing an INVO Center in Birmingham, Alabama. The name of the joint venture LLC is HRCFG INVO, LLC (the “Alabama JV”). The responsibilities of HRCFG’s principals include providing clinical practice expertise, performing recruitment functions, providing all necessary training, and providing day-to-day management of the clinic. The responsibilities of INVO CTR include providing certain funding to the Alabama JV and providing access to and being the exclusive provider of the INVOcell to the Alabama JV. INVO CTR will also perform all required, industry specific compliance and accreditation functions, and product documentation for product registration.

The Alabama JV opened to patients on August 9, 2021.

The Alabama JV is accounted for using the equity method in our financial statements. As of March 31, 2024, we invested $1.4 million in the Alabama JV in the form of a note. For the three months ended March 31, 2024, the Alabama JV recorded net income of $0.2 thousand, of which we recognized a gain from equity method investments of $0.1 thousand. For the three months ended March 31, 2023, the Alabama JV recorded a net loss of $37 thousand, of which we recognized a loss from equity method investments of $18 thousand.

Georgia JV Agreement

On June 28, 2021, INVO CTR entered into a limited liability company agreement (the “Bloom Agreement”) with Bloom Fertility, LLC (“Bloom”) to establish a joint venture entity, formed as “Bloom INVO LLC” (the “Georgia JV”), for the purposes of commercializing INVOcell, and the related IVC procedure, through the establishment of an INVO Center, (the “Atlanta Clinic”) in the Atlanta, Georgia metropolitan area.

In consideration for INVO’s commitment to contribute up to $800,000 within the 24-month period following execution of the Bloom Agreement to support the start-up operations of the Georgia JV, the Georgia JV issued 800 of its units to INVO CTR and in consideration for Bloom’s commitment to contribute physician services having an anticipated value of up to $1,200,000 over the course of a 24-month vesting period, the Georgia JV issued 1,200 of its units to Bloom.

The responsibilities of Bloom include providing all medical services required for the operation of the Atlanta Clinic. The responsibilities of INVO CTR include providing certain funding to the Georgia JV, lab services quality management, and providing access to and being the exclusive provider of the INVOcell to the Georgia JV. INVO CTR will also perform all required, industry specific compliance and accreditation functions, and product documentation for product registration.

The Georgia JV opened to patients on September 7, 2021.

The results of the Georgia JV are consolidated in our financial statements. As of March 31, 2024, INVO invested $0.9 million in the Georgia JV in the form of capital contributions as well as $0.5 million in the form of a note. For the three months ended March 31, 2024 and 2023, the Georgia JV recorded net losses of $51 thousand and $32 thousand respectively. Noncontrolling interest in the Georgia JV was $0. See Note 4 of the Notes to Consolidated

Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information on the Georgia JV.

Mexico JV Agreement

Effective September 24, 2020, INVO CTR entered into a Pre-Incorporation and Shareholders Agreement with Francisco Arredondo, MD PLLC ("Arredondo") and Security Health LLC, a Texas limited liability company ("Ramirez", and together with INVO CTR and Arredondo, the "Shareholders") under which the Shareholders will commercialize the IVC procedure and offer related medical treatments in Mexico. Each party owns one-third of the Mexican incorporated company, Positib Fertility, S.A. de C.V. (the "Mexico JV").

The Mexico JV will operate in Monterrey, Nuevo Leon, Mexico and any other cities and places in Mexico as approved by the Mexico JV's board of directors and Shareholders. In addition, the Shareholders agreed that the Mexico JV will be our exclusive distributor in Mexico. The Shareholders also agreed not to compete directly or indirectly with the Mexico JV in Mexico.

The Mexico JV opened to patients on November 1, 2021.

The Mexico JV is accounted for using the equity method in our financial statements. During the fourth quarter of 2023, our Mexico JV partner informed us that the primary physician onsite had resigned. We elected to impair the investment at year end 2023 in this JV due to the uncertainty and possibility that we may offer reduced services or suspend operations. The total impairment for 2023 was approximately $0.09 million. As of March 31, 2024, INVO investment in the Mexico JV was $0.

Recent Developments

NAYA Biosciences Merger Agreement

On October 22, 2023, we entered into an Agreement and Plan of Merger, as amended effective October 25, 2023, December 27, 2023, and May 1, 2024 (collectively, the "Merger Agreement") with INVO Merger Sub Inc., our wholly owned subsidiary and a Delaware corporation ("Merger Sub"), and NAYA Biosciences, Inc., a Delaware corporation ("NAYA"). Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge (the "Merger") with and into NAYA, with NAYA continuing as the surviving corporation and our wholly owned subsidiary. At the effective time and as a result of the Merger, each share of Class A common stock, par value $0.000001 per share, of NAYA (the "NAYA common stock") outstanding immediately prior to the effective time of the Merger, other than certain excluded shares held by NAYA as treasury stock or owned by the Company or Merger Sub, will be converted into the right to receive 7.33333 (subject to adjustment as set forth in the Merger Agreement) shares of a newly designated series of our common stock, par value $0.0001 per share, which shall be entitled to ten (10) votes per each share ("Company Class B common stock") for a total of approximately 18,150,000 of our shares (together with cash proceeds from the sale of fractional shares, the "Merger Consideration").

Immediately following the effective time of the Merger, Dr. Daniel Teper, NAYA's current chairman and chief executive officer, will be named our chairman and chief executive officer, and the board of directors will be comprised of at least nine (9) directors, of which (i) one shall be Steven Shum, our current chief executive officer, and (ii) eight shall be identified by NAYA, of which seven (7) shall be independent directors.

The completion of the Merger is conditioned upon the sale of 5,000,000 shares of our Series A Preferred Stock plus the sale of shares of our preferred stock at a price per share of $5.00 per share in a private offering, to be consummated prior to the closing of the Merger, resulting in an amount as may be required, to be determined in good faith by the parties to the Merger Agreement, to adequately support our fertility business activities per an agreed forecast for us as well as for a period of twelve (12) months following the closing, including a catch-up on our past due accrued payables still outstanding. We remain free to secure any amount of funding from third parties on any terms we deem reasonably acceptable under SEC and Nasdaq regulations without the prior written consent of NAYA.

In addition, the completion of the Merger is subject to satisfaction or waiver of certain customary mutual closing conditions, including (1) the adoption of the Merger Agreement by our stockholders and NAYA's stockholders, (2) the absence of any injunction or other order issued by a court of competent jurisdiction or applicable law or legal prohibition prohibiting or making illegal the consummation of the Merger, (3) the completion of due diligence, (4) the aggregate of our liabilities, excluding certain specified liabilities, shall not exceed $5,000,000, (5) the receipt of waivers from any and all holders of warrants (and any other similar instruments) to our securities, with respect to any fundamental transaction rights such warrant holders may have under any such warrants, (7) the continued listing of our common stock on NASDAQ through the effective time of the Merger and the approval for listing on NASDAQ of the shares of our common stock to be issued in connection with the Merger, the interim private offering, and a private offering of shares of our common stock at a target price of $5.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to our common stock) resulting in sufficient cash available for us for one year of operations, as estimated by NAYA, (8) the effectiveness of a registration statement on Form S-4 to be filed by us pursuant to which the shares of our common stock to be issued in connection with the Merger will be registered with the SEC, and the absence of any stop order suspending such effectiveness or proceeding for the purpose of suspending such effectiveness being pending before or threatened by the SEC, and (9) we shall have received customary lock-up Agreement from certain of our stockholders. The obligation of each party to consummate the Merger is also conditioned upon (1) the other party having performed in all material respects its obligations under the Merger Agreement and (2) the other party's representations and warranties in the Merger Agreement being true and correct (subject to certain materiality qualifiers); provided, however, that these conditions, other than with respects to certain representations and warranties, will be deemed waived by us upon the closing of the interim private offering.

The Merger Agreement contains termination rights for each of us and NAYA, including, among others: (1) if the consummation of the Merger does not occur on or before December 31, 2023 (the "End Date") (which has since been extended to June 30, 2024), except that any party whose material breach of the Merger Agreement caused or was the primary contributing factor that resulted in the failure of the Merger to be consummated on or before the End Date, (2) if any governmental authority has enacted any law or order making illegal, permanently enjoining, or otherwise permanently prohibiting the consummation of the Merger, and (3) if the required vote of the stockholders of either us or NAYA has not been obtained. The Merger Agreement contains additional termination rights for NAYA, including, among others: (1) if we materially breach our non-solicitation obligations or fail to take all action necessary to hold a stockholder meeting to approve the transactions contemplated by the Merger Agreement, (2) if the aggregate of our liabilities, excluding certain specified liabilities, exceed $5,000,000, (3) if NAYA determines that the due diligence contingency will not be satisfied by October 26, 2023, (4) if NAYA determines that we have experienced a material adverse effect, or (5) we materially breach any representation, warranty, covenant, or agreement such that the conditions to closing would not be satisfied and such breach is incapable of being cured, unless such breach is caused by NAYA's failure to perform or comply with any of the covenants, agreements, or conditions hereof to be performed or complied with by it prior to the closing. The Merger Agreement also contains an additional termination right for us if NAYA breaches any of its covenants and agreements set forth in that certain Securities Purchase Agreement dated as of December 29, 2023, as amended pursuant to an Amendment to Securities Purchase Agreement dated as of April 30, 2024 (as amended, the "Securities Purchase Agreement") in any respect.

If all of NAYA's conditions to closing are satisfied or waived and NAYA fails to consummate the Merger, NAYA would be required to pay us a termination fee of $1,000,000. If all of our conditions to closing conditions are satisfied or waived and we fail to consummate the Merger, we would be required to pay NAYA a termination fee of $1,000,000.

NAYA Securities Purchase Agreement

On December 29, 2023, the Company entered into a securities purchase agreement (the "Series A Preferred SPA") with NAYA for NAYA's purchase of 1,000,000 shares of the Company's Series A Preferred Stock at a purchase price of $5.00 per share. The parties agreed that NAYA's purchases will be made in tranches in accordance with the Minimum Interim Pipe Schedule. The Series A Preferred SPA contains customary representations, warranties and covenants of the Company and NAYA.

On January 4, 2024, the Company and NAYA closed on 100,000 shares of Series A Preferred Stock in the first tranche of this private offering for gross proceeds of $500,000. On April 15, 2024, the Company and NAYA closed on additional 61,200 shares of Series A Preferred Stock for additional gross proceeds of $306,000.

Effective as of May 1, 2024, the Company entered into an amendment (the "SPA Amendment") to the Series A Preferred SPA. Pursuant to the SPA Amendment, the parties agreed to the following closing schedule for NAYA's purchases of the remaining 838,800 shares of the Company's Series A Preferred Stock at a purchase price of $5.00 per share:

Closing Date	Shares	Aggregate Purchase Price	
May 10, 2024	20,000	$	100,000
May 17, 2024	30,000	$	150,000
May 24, 2024	30,000	$	150,000
May 31, 2024	30,000	$	150,000
June 7, 2024	30,000	$	150,000
June 14, 2024	30,000	$	150,000
June 21, 2024	30,000	$	150,000
June 28, 2024	30,000	$	150,000
July 5, 2024	30,000	$	150,000
On or before the closing of the Merger Agreement, to be determined in good faith by the Subscriber and the Company	578,800	$	2,894,000

Wisconsin Fertility Institute Acquisition

On August 10, 2023, we consummated the first acquisition of an existing IVF clinic, the Wisconsin Fertility Institute ("WFI"). As an established and profitable clinic, the closing of the WFI acquisition more than tripled our current annual revenues and became a major part of our clinic-based operations. The acquisition is accelerating the transformation of INVO to a healthcare services company and immediately added scale and positive cash flow to the operations. It also complements our existing new-build INVO Center efforts.

Through Wood Violet Fertility LLC, our indirect, wholly owned subsidiary, we consummated its acquisition of WFI for a combined purchase price of $10 million, of which $2.5 million was paid on the closing date (net cash paid was $2,150,000 after a $350,000 holdback) plus assumption of the inter-company loan owed by WFRSA (as defined below) in the amount of $528,756. The remaining three installments of $2.5 million each will be paid on the subsequent three anniversaries of closing. The sellers have the option to take all or a portion of the final three installments in shares of INVO common stock valued at $125.00, $181.80, and $285.80, for the second, third, and final installments, respectively.

WFI is comprised of (a) a medical practice, Wisconsin Fertility and Reproductive Surgery Associates, S.C., a Wisconsin professional service corporation d/b/a Wisconsin Fertility Institute ("WFRSA"), and (b) a laboratory services company, Fertility Labs of Wisconsin, LLC, a Wisconsin limited liability company ("FLOW"). WFRSA owns, operates, and manages WFI's fertility practice that provides direct treatment to patients focused on fertility, gynecology, and obstetrics care and surgical procedures, and employs physicians and other healthcare providers to deliver such services and procedures. FLOW provides WFRSA with related laboratory services.

We purchased the non-medical assets of WFRSA and one hundred percent of FLOW's membership interests. WVF and WFRSA entered into a management services agreement pursuant to which WFRSA outsourced all its non-medical activities to WVF.

We expect to continue to pursue additional acquisitions of established and profitable existing fertility clinics as part of its ongoing strategy to accelerate overall growth.

FirstFire Securities Purchase Agreement

On April 5, 2024, the Company entered into a purchase agreement (the "FirstFire Purchase Agreement") with FirstFire Global Opportunities Fund, LLC ("FirstFire"), pursuant to which FirstFire agreed to purchase, and the Company agreed to issue and sell, (i) a promissory note with an aggregate principal amount of $275,000.00, which is convertible into shares of the Company's common stock, according to the terms, conditions, and limitations outlined in the note (the "FirstFire Note"), (ii) a warrant (the "First Warrant") to purchase 229,167 shares (the "First Warrant Shares") of the Company's common stock at an exercise price of $1.20 per share, (iii) a warrant (the "Second Warrant") to purchase 500,000 shares (the "Second Warrant Shares") of common stock at an exercise price of $0.01 issued to FirstFire, and (iv) 50,000 shares of common stock (the "Commitment Shares"), for a purchase price of $250,000. Carter, Terry, & Company, Inc. acted as placement agent for the transaction, for which it received a cash fee of $25,000 and 11,655 restricted shares of the Company's common stock. The proceeds were used for working capital and general corporate purposes.

Among other limitations, the total cumulative number of shares of common stock that may be issued to FirstFire under the FirstFire Purchase Agreement may not exceed the requirements of Nasdaq Listing Rule 5635(d), except that such limitation will not apply in the event the Company obtains stockholder approval of the shares of common stock to be issued under the Purchase Agreement, if necessary, in accordance with the requirements of Nasdaq Listing Rule 5635(d). The Company has agreed to hold a meeting for the purpose of obtaining this stockholder approval within nine (9) months of the date of the FirstFire Purchase Agreement.

The FirstFire Purchase Agreement contains customary representations, warranties, and covenants by each of the Company and FirstFire. Among other covenants of the parties, the Company granted FirstFire the right to participate in any subsequent placement of securities until the earlier of eighteen (18) months after the date of the FirstFire Purchase Agreement or extinguishment of the FirstFire Note. The Company has also granted customary "piggy-back" registration rights to FirstFire with respect to the shares of common stock underlying the FirstFire Note (the "Conversion Shares"), the First Warrant Shares, the Second Warrant Shares, and the Commitment Shares. FirstFire has covenanted not to cause or engage in any short selling of shares of common stock until the FirstFire Note is fully repaid.

The following sets forth the material terms of the FirstFire Note, the First Warrant, and the Second Warrant.

FirstFire Note

Interest and Maturity. The FirstFire Note carries an interest rate of twelve percent (12%) per annum, with the first twelve months of interest, amounting to $33,000.00, guaranteed, and fully earned as of the issue date. The maturity date of the FirstFire Note is twelve (12) months from the issue date, at which point the Principal Amount, together with any accrued and unpaid interest and other fees, shall be due and payable to the holder of the FirstFire Note.

Conversion. The holder of the FirstFire Note is entitled to convert any portion of the outstanding and unpaid principal amount and accrued interest into Conversion Shares at a conversion price of $1.00 per share, subject to adjustment. The FirstFire Note may not be converted and Conversion Shares may not be issued under the FirstFire Note if, after giving effect to the conversion or issuance, the holder together with its affiliates would beneficially own in excess of 4.99% of the outstanding common stock. In addition to the beneficial ownership limitations in the FirstFire Note, the number of shares of common stock that may be issued under the FirstFire Note, the First Warrant, the Second Warrant, and under the FirstFire Purchase Agreement (including the Commitment Shares) is limited to 19.99% of the outstanding common stock as of April 5, 2024 (the "Exchange Cap", which is equal to 523,344 shares of common stock, subject to adjustment as described in the FirstFire Purchase Agreement), unless stockholder approval is obtained by the Company to issue more than the Exchange Cap. The Exchange Cap shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction.

Prepayment. The Company may prepay the FirstFire Note at any time in whole or in part by paying a sum of money equal to 110% of the sum of the principal amount to be redeemed plus the accrued and unpaid interest.

Future Proceeds. While any portion of the FirstFire Note is outstanding, if the Company receives cash proceeds of more than $1,500,000 from any source or series of related or unrelated sources, or more than $1,000,000 from any public offering (the "Minimum Threshold"), the Company shall, within one (1) business day of Company's receipt of such proceeds, inform FirstFire of such receipt, following which FirstFire shall have the right in its sole discretion to require the Company to immediately apply up to 100% of all proceeds received by the Company above the Minimum Threshold to repay the outstanding amounts owed under the FirstFire Note.

Covenants. The Company is subject to various covenants that restrict its ability to, among other things, declare dividends, make certain investments, sell assets outside the ordinary course of business, or enter into transactions with affiliates, thereby ensuring the Company operational and financial activities are conducted in a manner that prioritizes the repayment of the FirstFire Note.

Events of Default. The FirstFire Note outlines specific events of default and provides FirstFire certain rights and remedies in such events, including but not limited to the acceleration of the FirstFire Note's due date and a requirement for the Company to pay a default amount. Specific events that constitute a default under the FirstFire Note include, but are not limited to, failure to pay principal or interest when due, breaches of covenants or agreements, bankruptcy or insolvency events, and a failure to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon an event of default, the FirstFire Note becomes immediately due and payable, and the Borrower is subject to a default sum as stipulated.

The FirstFire Note is subject to, and governed by, the terms and conditions of the FirstFire Purchase Agreement.

First Warrant

The First Warrant grants the holder thereof the right to purchase up to 229,167 shares of common stock at an exercise price of $1.20 per share.

Exercisability. The First Warrant are immediately exercisable and will expire five years from the issuance date. The First Warrant is exercisable, at the option of the holder, in whole or in part, by delivering to the Company a duly executed exercise notice and, at any time a registration statement registering the issuance of the First Warrant Shares under the Securities Act of 1933, as amended (the "Securities Act") is effective and available for the issuance of such First Warrant Shares, or an exemption from registration under the Securities Act is available for the issuance of such First Warrant Shares, by payment in full in immediately available funds for the number of First Warrant Shares purchased upon such exercise. If a registration statement registering the issuance of the First Warrant Shares underlying the First Warrant under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the First Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of First Warrant Shares determined according to the formula set forth in the First Warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the First Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the First Warrant.

Trading Market Regulation. Until the Company has obtained stockholder approval of the FirstFire Purchase Agreement and the issuance of the securities issued pursuant thereto, the Company may not issue any First Warrant Shares upon the exercise of the First Warrants if the issuance of such First Warrant Shares, (taken together with the issuance of any shares held by or issuable to the holder under the FirstFire Purchase Agreement or any other agreement with the Company) would exceed the aggregate number of shares which the Company may issue without breaching 523,344 shares (19.9% of the Company's outstanding common stock) or any of the Company's obligations under the rules or regulations of Nasdaq.

Exercise Price Adjustment. Subject to the aforementioned limitations, the exercise price of the First Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock, upon any distributions of assets, including cash, stock or other property to our stockholders, and if we issue additional shares of common stock at a price per share that is less than the exercise price then in effect.

Fundamental Transactions. The Company shall not enter into or be a party to a fundamental transaction unless the successor entity assumes all obligations of the Company under the First Warrant and other transaction documents. Upon consummation of a fundamental transaction, then the successor entity will succeed to, and be substituted for the Company, and may exercise every right and power that the Company may exercise and will assume all of the Company's obligations under the First Warrant with the same effect as if such successor entity had been named in the First Warrant itself.

Rights as a Stockholder. Except as otherwise provided in the First Warrant or by virtue of such holder's ownership of shares of common stock, the holder of the First Warrant will not have the rights or privileges of a holder of common stock, including any voting rights, until the holder exercises the First Warrant.

Second Warrant

The Second Warrant grants the holder thereof the right to purchase up to 500,000 shares of common stock at an exercise price of $0.01 per share.

Exercisability. The Second Warrant will only become exercisable on the specific Triggering Event Date, which is the date that an Event of Default occurs under the Note, and will expire five years from such date. The Second Warrant includes a 'Returnable Warrant' clause, providing that the Second Warrant shall be cancelled and returned to the Company if the Note is fully extinguished before any Triggering Event Date. The Second Warrant will be exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice and, at any time a registration statement registering the issuance of the Second Warrant Shares under the Securities Act is effective and available for the issuance of such Second Warrant Shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of Second Warrant Shares purchased upon such exercise. If a registration statement registering the issuance of Second Warrant Shares under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the Second Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of Second Warrant Shares determined according to the formula set forth in the warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the Second Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Second Warrant.

Trading Market Regulation. Until the Company has obtained stockholder approval of the FirstFire Purchase Agreement and the issuance of the securities issued pursuant thereto, the Company may not issue any Second Warrant Shares upon the exercise of the Second Warrants if the issuance of such Second Warrant Shares, (taken together with the issuance of any shares held by or issuable to the holder under the FirstFire Purchase Agreement or any other agreement with the Company) would exceed the aggregate number of shares which the Company may issue without breaching 523,344 shares (19.9% of the Company's outstanding common stock) or any of the Company's obligations under the rules or regulations of Nasdaq.

Exercise Price Adjustment. Subject to the aforementioned limitations, the exercise price of the Second Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock, upon any distributions of assets, including cash, stock or other property to our stockholders, and if we issue additional shares of common stock at a price per share that is less than the exercise price then in effect.

Fundamental Transactions. The Company shall not enter into or be a party to a fundamental transaction unless the successor entity assumes all obligations of the Company under the Second Warrant and other transaction documents. Upon consummation of a fundamental transaction, then the successor entity will succeed to, and be substituted for the Company, and may exercise every right and power that the Company may exercise and will assume all of the Company's obligations under the Second Warrant with the same effect as if such successor entity had been named in the Second Warrant itself.

Rights as a Stockholder. Except as otherwise provided in the Second Warrant or by virtue of such holder's ownership of shares of common stock, the holder of the Second Warrant will not have the rights or privileges of a holder of common stock, including any voting rights, until the holder exercises the Second Warrant.

Triton Purchase Agreement

On March 27, 2024, the Company entered into a purchase agreement (the "Triton Purchase Agreement") with Triton Funds LP ("Triton"), pursuant to which the Company agreed to sell, and Triton agreed to purchase, upon the Company's request in one or more transactions, up to 1,000,000 shares of the Company's common stock, par value $0.0001 per share, providing aggregate gross proceeds to the Company of up to $850,000. Triton will purchase the shares of common stock under the Triton Purchase Agreement at the price of $0.85 per share. The Triton Purchase Agreement expires upon the earlier of the sale of all 1,000,000 shares of the Company's common stock or December 31, 2024.

Among other limitations, unless otherwise agreed upon by Triton, each individual sale of shares of common stock will be limited to no more than the number of shares of common stock that would result in the direct or indirect beneficial ownership by Triton of more than 9.99% of the then-outstanding shares of common stock. In addition, the total cumulative number of shares of common stock that may be issued to Triton under the Triton Purchase Agreement may not exceed the requirements of Nasdaq Listing Rule 5635(d), except that such limitation will not apply in the event the Company obtains stockholder approval of the shares of common stock to be issued under the Triton Purchase Agreement, if necessary, in accordance with the requirements of Nasdaq Listing Rule 5635(d).

The Triton Purchase Agreement provides that the Company will file a prospectus supplement (the "Prospectus Supplement") to its Registration Statement on Form S-3, which was declared effective on April 16, 2021 (File No. 333-255096) (the "Base Registration Statement"), covering the offering and sale of the shares of common stock to Triton pursuant to the Triton Purchase Agreement. Triton's obligation to purchase shares of common stock under the Triton Purchase Agreement is conditioned upon, among other things, the filing of the Prospectus Supplement and the Base Registration Statement remaining effective.

The Triton Purchase Agreement contains customary representations, warranties, and covenants by each of the Company and Triton. Actual sales of shares of common stock to Triton will depend on a variety of factors to be determined by the Company from time to time, including, among others, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. Triton has no right to require any sales of shares of common stock by the Company but is obligated to make purchases of shares of common stock from the Company from time to time, pursuant to directions from the Company, in accordance with the Triton Purchase Agreement. During the term of the Triton Purchase Agreement, Triton has covenanted not to cause or engage in any short selling of shares of common stock.

On March 27, 2024, the Company issued to Triton private placement warrants to purchase up to 1,000,000 shares of our common stock at an exercise price of $2.00 per share.

On March 27, 2024, the Company delivered a purchase notice for 260,000 shares of common stock. The Company's common stock traded below the purchase price following the date of the purchase notice, giving Triton the right to return to the Company any of the 260,000 shares. Triton notified the Company that it will return 185,000 shares to the Company and closed the purchase of 75,000 shares pursuant to the Triton Purchase Agreement.

On April 16, 2024, the Company delivered a purchase notice for 185,000 shares of common stock, which was subsequently closed on April 19, 2024 for net proceeds of $155,000.

Future Receipts Agreement

On February 26, 2024, the Company finalized an Agreement for the Purchase and Sale of Future Receipts (the "Future Receipts Agreement") with a buyer (the "Buyer") under which the Buyer purchased $344,925 of our future sales for a gross purchase price of $236,250. The Company received net proceeds of $225,000. Until the purchase price has been repaid, the Company agreed to pay the Buyer $13,797 per week.

August 2023 Offering Warrant Price Reduction

On August 8, 2023, the Company issued warrants to purchase 3,160,000 shares of its common stock (the "August 2023 Warrants") as part of the August 2023 Offering. In connection therewith, the Company entered into a warrant agency agreement (the "Warrant Agent Agreement"), with Transfer Online, Inc. appointing Transfer Online, Inc. as Warrant Agent for the Warrants. On April 17, 2024, the Company and the Warrant Agent entered into an Amendment to the Warrant Agent Agreement (the "Amendment") to confirm that the Company may adjust the exercise price of the of the Warrants to provide an exercise price per share that is lower than the then-current exercise price of the Warrants.

On April 17, 2024, the Company reduced the exercise price of the Warrants from $2.85 per share to $1.20 per share effective April 17, 2024.

In April 2024, the Company issued 807,000 shares of common stock for proceeds of $968,400 as a result of the exercise of the Warrants.

Tampa Lease Assignment

On April 19, 2024, INVO Centers LLC ("INVO Centers"), a wholly owned subsidiary of the Company, completed the assignment to Brown Fertility Associates PA ("Brown Fertility") of its lease with 4602 North Armenia Ave, LLC (the "Landlord"), for the property located at 4602 North Armenia Avenue, Suite 200, Tampa, LLC (the "Premises"). As a result of the doctor for the proposed Tampa INVO Center becoming unavailable and its current focus on prioritizing the acquisition of US-based profitable fertility clinics, the Company opted tassign the lease for the Premises. Brown Fertility paid INVO Centers $475,000 to secure the space and INVO was fully released by the Landlord under the assignment. INVO used $356,546.66 of the assignment proceeds to complete payment to the Landlord for the buildout of the Premises and for rent accrued before the completion of the assignment. The remaining proceeds will be used for general working capital.

Delisting

On April 17, 2024, the Company, having reported, on April 16, 2024, stockholders' equity of $892,825 in the Form 10-K for the period ended December 31, 2023, received notice (the "Notice") from the staff (the "Staff") of The Nasdaq Stock Market LLC ("Nasdaq") advising the Company that it no longer complies with Nasdaq Listing Rule 5550(b)(1) that requires companies listed on The Nasdaq Capital Market to maintain stockholders' equity of at least $2,500,000 (the "Equity Rule").

In a decision dated November 22, 2023, a Nasdaq Hearings Panel (the "Panel") previously had confirmed that the Company regained compliance with the Equity Rule. In the decision, the Panel imposed a Mandatory Panel Monitor for a period of one year or until November 22, 2024, which would require Staff to issue a Delist Determination Letter, in the event that the Company failed to maintain compliance with the Equity Rule (the "Panel Monitor"). As a result, the Notice contains the Staff's determination to delist the Company.

The Notice has no immediate effect on the listing of the Company's common stock and the Company's common stock continues to trade on The Nasdaq Capital Market under the symbol "INVO."

As described in the Notice, under Nasdaq rules, the Company had and exercised its right to request an appeal of this determination to prevent its securities from being delisted and suspended at the opening of business on April 26, 2024. The Company's hearing to present its appeal of the Staff's determination in front of the Panel has been scheduled for June 6, 2024.

The Company is currently evaluating various courses of action to regain compliance and plans to timely submit its plan to the Panel to regain compliance with the Equity Rule. There can be no assurance that the Company's plan will be accepted or that if it is, the Company will be able to regain compliance. If the Company's plan to regain compliance is not accepted, or if the Company fails to satisfy another Nasdaq requirement for continued listing, the Panel could decide that the Company's common stock will be delisted, which decision may not be appealed by the Company.

Results of Operations

During the first quarter of 2024, we continued to make steady progress with our efforts to transition the Company toward healthcare services through our ownership of fertility clinics. This was highlighted by our first acquisition (in August of 2023) of an existing IVF practice. This Madison Wisconsin-based fertility center was established more than 15 years ago, generates strong revenue and profits, and provided an immediate and substantial impact to our overall operations as reflected in our significant growth in the first quarter of this year. We also believe this first acquisition provides a road map and foundation in which we expect to utilize to pursue additional acquisitions of established and profitable small practices. Based on terms and acquisition capital availability, we anticipate continuing to actively pursue suitable acquisition targets in order to further accelerate our growth objectives.

Our existing operational INVO Centers located in Alabama and Georgia also made progress and we anticipate both will continue to make steady advances in the current year. Due to international resource constraints and the lack of an available local physician resource, we have limited our efforts at the Mexico clinic pending a final decision, which may include halting services. We will, however, continue to seek additional U.S. opportunities to expand our INVO Center activities over time. However, in the short-term, we expect to devote more of our efforts toward acquisitions as we believe it provides the ability to build scale in our operations at a quicker space, which will in turn helps support our long-term of building INVO centers across the U.S. market.

Although our clinic operations make up most of our commercial efforts and revenue, we will continue to work on providing the INVOcell to third party fertility clinics.

From a broad strategic perspective, our commercialization efforts will continue to focus on the substantial, underserved patient population and on expanding access to advanced fertility treatments. We believe our solutions, clinic operations and efforts to provide more affordable care can help address the key challenges of affordability and capacity to provide care to the vast number of patients that go untreated every year.

The ART market also continues to benefit from a number of industry tailwinds, including 1) the large under-served potential patient population, 2) increasing infertility rates around the world 3) growing awareness and education of fertility treatment options, 4) a growing acceptance of fertility treatment, 5) improvements in procedure techniques and hence improvements in pregnancy success rates, and 6) generally improving insurance (private and public) reimbursement trends.

Comparison of the Three Months Ended March 31, 2024, and 2023

Revenue

Revenue for the three months ended March 31, 2024, was approximately $1.6 million compared to approximately $0.3 million for the three months ended March 31, 2023. Of the $1.6 million in revenue for the first quarter of 2024, approximately $1.5 million was related to clinic revenue from the consolidated Georgia JV and WFI. The increase of approximately $1.3 million, or approximately 353%, was primarily related to the acquisition of WFI.

Cost of Revenue

Cost of revenue for the three months ended March 31, 2024, was approximately $0.9 million compared to approximately $0.2 million for the three months ended March 31, 2023. The increase in our cost of revenue was primarily related to the acquisition of WFI.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2024, were approximately $1.4 million compared to approximately $2.3 million for the three months ended March 31, 2023. The decrease of approximately $0.9 million, or approximately 38%, was primarily the result of decreased personnel expenses. Non-cash, stock-based compensation expense, which was $0.2 million in the period, compared to $0.5 million for the same period in the prior year.

Gain (loss) from equity investment

Gain from equity investments for the three months ended March 31, 2024, was approximately $0.1 thousand compared to a loss of approximately $27 thousand for the three months ended March 31, 2023. The increase in gain is due to an increase in revenue from the equity method JV's.

Loss on disposal of fixed assets

Loss on disposal of fixed assets for the three months ended March 31, 2024, was approximately $0.6 million compared to $0 for the three months ended March 31, 2023. The increase in loss is due to the disposal of fixed assets related to the assignment of the Tampa lease.

Gain on lease termination

Gain on lease termination for the three months ended March 31, 2024, was approximately $0.1 million compared to $0 for the three months ended March 31, 2023. The increase in loss is related to the assignment of the Tampa lease.

Interest Expense and Financing Fees

Interest expense and financing fees were approximately $0.2 million for the three months ended March 31, 2024, compared to approximately $0.2 million for the three months ended March 31, 2023.

Liquidity and Capital Resources

For the three months ended March 31, 2024, and 2023, we had net losses of approximately $1.6 million and $2.6 million, respectively, and an accumulated deficit of approximately $59.4 million as of March 31, 2024. Approximately $1.0 million of the net loss was related to non-cash expenses for the three months ended March 31, 2024, compared to $0.9 million for the three months ended March 31, 2023. We had negative working capital of approximately $7.2 million as of March 31, 2024, compared to negative working capital of approximately $7.0 million as of December 31, 2023. As of March 31, 2024, we had stockholder's equity of approximately $10 thousand compared to stockholder's equity of approximately $0.9 million as of December 31, 2023.

We have been dependent on raising capital from debt and equity financings to meet our needs for cash required to fund our operating expenses and investing activities. During the first three months of 2024, we received net proceeds of approximately $0.5 million for the sale of our preferred stock and $0.2 million in proceeds from the sale of notes payable. During the first three months of 2023, we received approximately $2.7 million for the sale of common stock and $0.7 million in proceeds from the sale of convertible notes. Over the next 12 months, our plan includes growing WFI and pursuing additional IVF clinic acquisitions. Our plan also includes pursuing the Merger with NAYA pursuant to the terms and conditions of the Merger Agreement. Until we can generate positive cash from operations, we will need to raise additional funding to meet our liquidity needs and to execute our business strategy. As in the past, we will seek debt and/or equity financing, which may not be available on reasonable terms, if at all.

Although our audited consolidated financial statements for the year ended December 31, 2023 were prepared under the assumption that we would continue operations as a going concern, the report of our independent registered public accounting firm that accompanies our consolidated financial statements for the year ended December 31, 2023 contains a going concern qualification in which such firm expressed substantial doubt about our ability to continue as a going concern, based on the consolidated financial statements at that time. Specifically, as noted above, we have incurred significant operating losses and we expect to continue to incur significant expenses and operating losses as we continue to acquire existing IVF clinics and the commercialization of our INVOcell solution. Prior losses and expected future losses have had, and will continue to have, an adverse effect on our financial condition. If we cannot continue as a going concern, our stockholders would likely lose most or all of their investment in us.

Cash Flows

The following table shows a summary of our cash flows for the three months ended March 31, 2024 and 2023:

	2024	2023
Cash (used in) provided by:		
Operating activities	(260,557)	(1,148,461)
Investing activities	(24,108)	(8,447)
Financing activities	527,366	3,255,018

Cash Flows from Operating Activities

As of March 31, 2024, we had approximately $0.5 million in cash compared to approximately $2.2 million as of March 31, 2023. Net cash used in operating activities for the first three months of 2024 was approximately $0.3 million, compared to approximately $1.1 million for the same period in 2023. The decrease in net cash used in operating activities was primarily due to the decrease in net loss.

Cash Flows from Investing Activities

During the three months ended March 31, 2024, cash used in investing activities of $24 thousand was primarily related to the purchase of equipment for WFI. During the three months ended March 31, 2023, cash used in investing activities of $8 thousand was primarily related to a loss on equity method for the JVs.

Cash Flows from Financing Activities

During the three months ended March 31, 2024, cash provided by financing activities of approximately $0.5 million was primarily related to the sales of

Series A Preferred Stock and notes payable. During the three months ended March 31, 2023, cash provided by financing activities of approximately $3.3 million was primarily related to the sale of common stock and convertible notes.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition presented in this section is based upon our audited consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. During the preparation of the financial statements, we are required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, our results, which allows us to form a basis for making judgments on the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates based on variance with our assumptions and conditions. A summary of significant accounting policies is included below. Management believes that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

See Note 1 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for a summary of significant accounting policies and the effect on our financial statements.

Stock Based Compensation

We account for stock-based compensation under the provisions of ASC 718 *-10 Share-Based Payment* (formerly SFAS 123R). This statement requires us to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period in which the employee is required to provide service or performance goals in exchange for the award, which is usually immediate but sometimes over a vesting period. Warrants granted to non-employees are recorded as an expense over the requisite service period based on the grant date and the estimated fair value of the grant, which is determined using the Black-Scholes option pricing model.

Revenue Recognition

We recognize revenue on arrangements in accordance with ASC 606, Revenue from Contracts with Customers. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services ASC 606 requires companies to assess their contracts to determine the timing and amount of revenue to recognize under the new revenue standard. The model has a five-step approach:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the total transaction price.
4. Allocate the total transaction price to each performance obligation in the contract.
5. Recognize as revenue when (or as) each performance obligation is satisfied.

Variable Interest Entities

Our consolidated financial statements include the accounts of INVO, its wholly owned subsidiaries and variable interest entities (“VIE”), where we are the primary beneficiary under the provisions of ASC 810, Consolidation (“ASC 810”). A VIE must be consolidated by its primary beneficiary when, along with its affiliates and agents, the primary beneficiary has both: (i) the power to direct the activities that most significantly impact the VIE’s economic performance; and (ii) the obligation to absorb losses or the right to receive the benefits of the VIE that could potentially be significant to the VIE. We reconsider whether an entity is still a VIE only upon certain triggering events and continually assesses its consolidated VIEs to determine if it continues to be the primary beneficiary.

Equity Method Investments

Investments in unconsolidated affiliates in which we exert significant influence but do not control or otherwise consolidate are accounted for using the equity method. Equity method investments are initially recorded at cost. These investments are included in investment in joint ventures in the accompanying consolidated balance sheets. Our share of the profits and losses from these investments is reported in loss from equity method investment in the accompanying consolidated statements of operations. Management monitors its investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the investees and records reductions in carrying values when necessary.

Business Acquisitions

We account for all business acquisitions at fair value and expenses acquisition costs as they are incurred. Any identifiable assets acquired and liabilities assumed are recognized and measured at their respective fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in which a business acquisition occurs, we will report provisional amounts for the items for which the accounting is incomplete. The measurement period ends once we receive sufficient information to finalize the fair values; however, the period will not exceed one year from the acquisition date. Any adjustments to provisional amounts that are identified during the measurement period are recognized in the reporting period in which the adjustment amounts are determined.

Recently Issued Accounting Standards Not Yet Effective or Adopted

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material impact on the accompanying condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

We are exposed to risk from changes in foreign currency exchange rates related to our foreign joint venture. Our principal exchange rate exposure relates to the Mexican Peso.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2024, the end of the fiscal period covered by this Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Risk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report") as filed with the SEC on April 16, 2024, as amended. There have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In April 2024, the Company issued 11,655 shares of common stock to consultants in consideration of services rendered. These shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The Company did not receive any cash proceeds from this issuance.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

(a) None.

(b) None.

(c) **Insider Adoption or Termination of Trading Arrangements**

During the fiscal quarter ended March 31, 2024, none of our directors or officers informed us of the adoption, modification, or termination of a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 is formatted in Inline XBRL

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 15, 2024.

INVO Bioscience, Inc.

Date: May 15, 2024

By: */s/ Steven Shum*
Steven Shum, Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

By: */s/ Andrea Goren*
Andrea Goren, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Principal Executive Officer of INVO Bioscience, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven Shum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of INVO Bioscience Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the unaudited condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

INVO BIOSCIENCE

Date: May 15, 2024

By: */s/ Steven Shum*
Steven Shum
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer of INVO Bioscience, Inc.
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Andrea Goren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of INVO Bioscience Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the unaudited condensed consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

INVO BIOSCIENCE

Date: May 15, 2024

By: */s/ Andrea Goren*
Andrea Goren
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Principal Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of INVO Bioscience, Inc. (the “Company”) for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Steven Shum, Chief Executive Officer of the Company, and Andrea Goren, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

INVO BIOSCIENCE

Date: May 15, 2024

By: */s/ Steven Shum*
Steven Shum
Chief Executive Officer
(Principal Executive Officer)

INVO BIOSCIENCE

Date: May 15, 2024

By: */s/ Andrea Goren*
Andrea Goren
Chief Financial Officer
(Principal Financial and Accounting Officer)