

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
  
FORM 10-Q**

(Mark One)

☒ **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 001-39825

**Intelligent Bio Solutions Inc.**  
(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**82-1512711**  
(I.R.S. Employer  
Identification No.)

**Intelligent Bio Solutions Inc.,**  
**142 West, 57<sup>th</sup> Street, 11<sup>th</sup> Floor, New York, NY**  
(Address of principal executive offices)

**10019**  
(Zip Code)

Registrant's telephone number, including area code: **(646) 828-8258**

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	INBS	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 Act). YES ☐ NO ☒

As of May 6, 2024, there were 3,117,049 shares of the registrant's Common Stock issued and outstanding.

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**Intelligent Bio Solutions Inc.**  
**Condensed Consolidated Balance Sheets**

	<u>As of March 31,</u> <u>2024</u> <u>(Unaudited)</u>	<u>As of June 30,</u> <u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,397,523	\$ 1,537,244
Accounts receivable, net	431,646	293,861
Inventories, net	877,905	979,907
Research and development tax incentive receivable	332,471	498,758
Other current assets	481,046	552,791
Total current assets	11,520,591	3,862,561
Property and equipment, net	559,520	690,175
Operating lease right-of-use assets	365,512	546,475
Intangibles, net	4,593,330	5,255,401
<b>Total assets</b>	<b>\$ 17,038,953</b>	<b>\$ 10,354,612</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,128,747	\$ 2,610,028
Current portion of operating lease liabilities	260,377	223,447
Current portion of deferred grant income	2,288,660	2,338,057
Current employee benefit liabilities	660,010	358,942
Current portion of notes payable	368,513	353,211
Total current liabilities	5,706,307	5,883,685
Employee benefit liabilities, less current portion	30,286	24,902
Operating lease liabilities, less current portion	154,162	356,165
Notes payable, less current portion	150,426	402,862
<b>Total liabilities</b>	<b>6,041,181</b>	<b>6,667,614</b>
Commitments and contingencies (Note 13)	-	-
<b>Shareholders' equity</b>		
Common stock, \$0.01 par value, 100,000,000 shares authorized, 2,913,799 and 194,200 shares issued and outstanding at March 31, 2024 and June 30, 2023, respectively*	29,135	1,942
Treasury stock, at cost, 116 shares as of March 31, 2024 and June 30, 2023, respectively*	(1)	(1)
Additional paid-in capital	60,946,174	46,180,112
Accumulated deficit	(49,180,085)	(41,807,573)
Accumulated other comprehensive loss	(662,405)	(575,496)
Total consolidated Intelligent Bio Solutions Inc. equity	11,132,818	3,798,984
Non-controlling interest	(135,046)	(111,986)
Total shareholders' equity	10,997,772	3,686,998
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 17,038,953</b>	<b>\$ 10,354,612</b>

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

\* Common stock and per share amount have been retroactively adjusted to reflect the decreased number of shares resulting from a 1-for-12 reverse stock split effected on January 26, 2024, and a 1-for-20 reverse stock split effected on February 9, 2023, throughout the condensed consolidated financial statement unless otherwise stated.

**Intelligent Bio Solutions Inc.**  
**Condensed Consolidated Statements of Operations and Other Comprehensive Loss\***  
**(Unaudited)**

	<u>Three Months ended March 31,</u> <u>2024</u>	<u>2023</u>	<u>Nine Months ended March 31,</u> <u>2024</u>	<u>2023</u>
Revenue	\$ 823,800	\$ 457,058	\$ 2,383,957	\$ 813,737
Cost of revenue (exclusive of amortization shown separately below)	(645,311)	(424,009)	(1,773,889)	(536,644)
Gross profit	178,489	33,049	610,068	277,093

Other income:				
Government support income	83,842	117,680	346,917	698,625
Operating expenses:				
Selling, general and administrative expenses	(2,425,830)	(1,898,754)	(6,587,934)	(5,594,461)
Development and regulatory approval expenses	(471,313)	(299,898)	(923,712)	(380,363)
Depreciation and amortization	(318,923)	(398,986)	(916,796)	(797,142)
Goodwill impairment	-	(4,096,490)	-	(4,096,490)
Total operating expenses	(3,216,066)	(6,694,128)	(8,428,442)	(10,868,456)
Loss from operations	(2,953,735)	(6,543,399)	(7,471,457)	(9,892,738)
Other income (expense), net:				
Interest expense	(42,674)	(86,125)	(112,590)	(163,957)
Realized foreign exchange income/(loss)	(996)	7,212	(1,551)	(8,936)
Fair value gain on revaluation of financial instrument	-	269,787	175,738	2,062,878
Interest income	10,640	508	14,288	9,587
Total other income (expense), net	(33,030)	191,382	75,885	1,899,572
Net loss	(2,986,765)	(6,352,017)	(7,395,572)	(7,993,166)
Net loss attributable to non-controlling interest	(9,098)	(8,111)	(23,060)	(20,367)
Net loss attributable to Intelligent Bio Solutions Inc.	<u>\$ (2,977,667)</u>	<u>\$ (6,343,906)</u>	<u>\$ (7,372,512)</u>	<u>\$ (7,972,799)</u>
Other comprehensive income/(loss), net of tax:				
Foreign currency translation gain/ (loss)	(144,026)	(77,787)	(86,909)	148,251
Total other comprehensive income/(loss)	(144,026)	(77,787)	(86,909)	148,251
Comprehensive loss	(3,130,791)	(6,429,804)	(7,482,481)	(7,844,915)
Comprehensive loss attributable to non-controlling interest	(9,098)	(8,111)	(23,060)	(20,367)
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	<u>(3,121,693)</u>	<u>(6,421,693)</u>	<u>(7,459,421)</u>	<u>(7,824,548)</u>
Net loss per share, basic and diluted*	<u>\$ (1.43)</u>	<u>\$ (68.67)</u>	<u>\$ (6.64)</u>	<u>\$ (104.04)</u>
Weighted average shares outstanding, basic and diluted*	<u>2,079,864</u>	<u>92,389</u>	<u>1,110,089</u>	<u>76,629</u>

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

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**Intelligent Bio Solutions Inc.**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity\***  
**For the three and nine months ended March 31, 2024 and 2023**  
**(Unaudited)**

	Convertible preferred stock		Common stock		Treasury stock		Additional paid in capital	Accumulated deficit	Other comprehensive income	Non-controlling interest	Total shareholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, June 30, 2023*	-	\$ -	194,200	\$ 1,942	(116)	\$ -	(1) \$46,180,112	\$ (41,807,573)	\$ (575,496)	\$ (111,986)	\$ 3,686,998
Foreign currency translation loss	-	-	-	-	-	-	-	-	(18,016)	-	(18,016)
Net loss	-	-	-	-	-	-	-	(2,425,204)	-	(7,220)	(2,432,424)
Balance, September 30, 2023	-	-	194,200	1,942	(116)	(1)	46,180,112	(44,232,777)	(593,512)	(119,206)	1,236,558
Issuance of common stock, Series E Preferred Stock and warrants, net of issuance costs	5,728,723	57,287	186,018	1,860	-	-	3,727,017	-	-	-	3,786,164
Conversion of convertible preferred shares into common stock	(5,728,723)	(57,287)	477,394	4,774	-	-	52,513	-	-	-	-

Conversion of holdback Series C Preferred Stock into common stock	-	-	6,248	62	-	-	32,700	-	-	-	32,762
Issuance of common stock upon cashless exercise Series F warrants	-	-	612,182	6,122	-	-	(6,122)	-	-	-	-
Foreign currency translation gain	-	-	-	-	-	-	-	-	75,133	-	75,133
Net loss	-	-	-	-	-	-	-	(1,969,641)	-	(6,742)	(1,976,383)
<b>Balance, December 31, 2023</b>	-	-	<u>1,476,042</u>	<u>14,760</u>	<u>(116)</u>	<u>(1)</u>	<u>49,986,220</u>	<u>(46,202,418)</u>	<u>(518,379)</u>	<u>(125,948)</u>	<u>3,154,234</u>
Reverse stock split rounding adjustment	-	-	47,501	475	-	-	(475)	-	-	-	-
Issuance of common stock upon cash exercise of Series E warrants	-	-	629,409	6,291	-	-	1,645,207	-	-	-	1,651,498
Issuance of restricted stock to vendors	-	-	42,760	428	-	-	204,393	-	-	-	204,821
Issuance of common stock upon cashless exercise of Series F warrants	-	-	42,904	429	-	-	-	-	-	-	429
Issuance of common stock, Series I, H1 and H2 warrants, net of issuance costs	-	-	675,183	6,752	-	-	9,110,829	-	-	-	9,117,581
Foreign currency translation loss	-	-	-	-	-	-	-	-	(144,026)	-	(144,026)
Net loss	-	-	-	-	-	-	-	(2,977,667)	-	(9,098)	(2,986,765)
<b>Balance, March 31, 2024</b>	-	<u>\$ -</u>	<u>2,913,799</u>	<u>\$29,135</u>	<u>(116)</u>	<u>\$ (1)</u>	<u>\$60,946,174</u>	<u>\$ (49,180,085)</u>	<u>\$ (662,405)</u>	<u>\$ (135,046)</u>	<u>\$ 10,997,772</u>

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**Intelligent Bio Solutions Inc.**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity\***  
**For the three and nine months ended March 31, 2024 and 2023**  
**(Unaudited)**

	<u>Convertible preferred stock</u>		<u>Common stock</u>		<u>Treasury stock</u>		<u>Additional paid in capital</u>	<u>Accumulated deficit</u>	<u>Other comprehensive income</u>	<u>Non-controlling interest</u>	<u>Total shareholders' equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
<b>Balance, June 30, 2022</b>	-	\$ -	62,042	\$ 620	-	\$ -	\$38,588,290	\$ (31,175,853)	\$ (788,135)	\$ (79,151)	\$ 6,545,771

Foreign currency translation loss	-	-	-	-	-	-	-	-	(135,559)	-	(135,559)
Net loss	-	-	-	-	-	-	-	(1,208,293)	-	(5,785)	(1,214,078)
<b>Balance, September 30, 2022</b>	-	-	62,042	620	-	-	38,588,290	(32,384,146)	(923,694)	(84,936)	5,196,134
Issuance of Series C preferred stock and common stock for acquisition, net of issuance costs	2,363,003	23,630	12,347	124	-	-	4,700,517	-	-	-	4,724,271
Issuance of Series D preferred stock, net of issuance costs	176,462	1,765	-	-	-	-	160,695	-	-	-	162,460
Stock awards issued to employees	-	-	2,084	21	-	-	259,979	-	-	-	260,000
Payment of tax withholding for employee stock awards	-	-	-	-	(116)	(1)	(14,407)	-	-	-	(14,407)
Foreign currency translation gain	-	-	-	-	-	-	-	-	361,597	-	361,597
Net loss	-	-	-	-	-	-	-	(420,600)	-	(6,471)	(427,071)
<b>Balance, December 31, 2022</b>	<u>2,539,465</u>	<u>25,395</u>	<u>76,473</u>	<u>765</u>	<u>(116)</u>	<u>(1)</u>	<u>43,695,074</u>	<u>(32,804,746)</u>	<u>(562,097)</u>	<u>(91,407)</u>	<u>10,262,984</u>
Reverse stock split rounding adjustment	-	-	938	9	-	-	(9)	-	-	-	-
Issuance of common stock and warrants, net of issuance costs	-	-	54,583	546	-	-	2,093,120	-	-	-	2,093,666
Issuance of common stock upon cashless exercise of warrants	-	-	8,465	85	-	-	(85)	-	-	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(77,787)	-	(77,787)
Net loss	-	-	-	-	-	-	-	(6,343,906)	-	(8,111)	(6,352,017)
<b>Balance, March 31, 2023</b>	<u>2,539,465</u>	<u>\$25,395</u>	<u>140,459</u>	<u>\$ 1,405</u>	<u>(116)</u>	<u>\$ (1)</u>	<u>\$45,788,100</u>	<u>\$ (39,148,652)</u>	<u>\$ (639,884)</u>	<u>\$ (99,518)</u>	<u>\$ 5,926,846</u>

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

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	2024	2023
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (7,395,572)	\$ (7,993,166)
Adjustment to reconcile net loss to cash used in operating activities		
Depreciation and amortization	737,906	702,487
Depreciation included in cost of revenue	8,602	-
Depreciation on leased assets	178,891	94,171
Non-cash loss on foreign currency translation, net	-	8,936
Provision for credit losses	6,759	-
Provision for inventory write-off	69,279	186,834
Goodwill impairment	-	4,096,490
Stock-based compensation	218,305	260,000
Non-cash refund of R&D expenditure claims	(112,293)	(125,128)
Fair value gain on revaluation of convertible notes	-	(1,455,078)
Fair value gain on revaluation of holdback Series C Preferred Stock	(175,738)	(607,800)
Non-cash other operating activities	8,053	-
Changes in operating assets and liabilities:		
Accounts receivable	(66,040)	(296,049)
Inventories	102,002	(74,866)
Grant receivable/deferred grant income	-	(213,543)
Research and development tax incentive receivable	166,287	(225,408)
Other current assets	-	(187,273)
Accounts and other payables	(481,281)	(937,960)
Other payables	266,973	-
Other long-term liabilities	5,384	(25,687)
Operating lease liabilities	(165,072)	-
<b>Net cash used in operating activities</b>	<b>(6,627,555)</b>	<b>(6,793,040)</b>
<b>Cash flows from Investing Activities</b>		
Cash acquired from business acquisition	-	174,481
Cash payment for business acquisition	-	(181,750)
Amount invested on construction in progress	(54,118)	(505,123)
<b>Net cash used in investing activities</b>	<b>(54,118)</b>	<b>(512,392)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from issuance of common stock and warrants, net of issuance costs	3,786,164	2,554,463
Proceeds from exercise of warrants, net of issuance costs	1,651,498	-
Proceeds from private placement, net of issuance costs	9,117,581	-
Proceeds from issuance of preferred stock	-	220,578
Payment of equity issuance costs - others	-	(464,727)
Payment of equity issuance costs relating to acquisition of IFP	-	(806,397)
Payment of tax withholding for employee stock awards	-	(14,407)
Payment of finance lease liabilities	-	(100,297)
<b>Net cash provided by financing activities</b>	<b>14,555,243</b>	<b>1,389,213</b>
<b>Effect of foreign exchange rates on cash and cash equivalents</b>	<b>(13,291)</b>	<b>(41,538)</b>
Net increase (decrease) in cash and cash equivalents	7,860,279	(5,957,757)
Cash and cash equivalents, beginning of period	1,537,244	8,238,301
<b>Cash and cash equivalents, end of period</b>	<b>\$ 9,397,523</b>	<b>\$ 2,280,544</b>
<b>Non-cash investing and financing activities</b>		
Shares issued for business acquisition	\$ -	\$ 5,530,667
Note receivable settled for business acquisition	-	504,398
Deferred consideration payable for business combination	-	399,250
Equity issuance costs in accounts payable and accrued expenses	185,688	54,187
Conversion of preferred shares into common shares	57,287	-
Conversion of holdback Series C Preferred Stock into common stock	32,762	-
Issuance of common stock upon cashless exercise of Series F warrants	6,551	-

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

**Intelligent Bio Solutions Inc.**  
**Notes to the Condensed Consolidated Financial Statements**  
(unaudited)

**NOTE 1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS**

*Business*

Intelligent Bio Solutions Inc. (formerly known as GBS Inc.), and its wholly owned Delaware subsidiary, GBS Operations Inc. were each formed on December 5, 2016, under the laws of the state of Delaware. Our Australian subsidiary Intelligent Bio Solutions (APAC) Pty Ltd (formerly known as Glucose Biosensor Systems (Greater China) Pty Ltd) was formed on August 4, 2016, under the laws of New South Wales, Australia and was renamed to Intelligent Bio Solutions (APAC) Pty Ltd on January 6, 2023. On October 4, 2022, INBS acquired Intelligent Fingerprinting Limited ("IFP"), a company registered in England and Wales (the "IFP Acquisition"). INBS and its subsidiaries (collectively, "we," "us," "our," "INBS" or the "Company," unless context requires or indicates otherwise) were formed to provide non-invasive, pain free innovative medical devices and screening devices. Our headquarters are in New York, New York.

We are a medical technology company focused on developing and delivering intelligent, rapid, non-invasive testing and screening solutions. We operate globally with the objective of providing innovative and accessible solutions that improve the quality of life.

## *Reverse Stock Splits*

### *January 2024 Reverse Stock Split*

On January 26, 2024, the Company filed a certificate of amendment to its amended and restated certificate of incorporation to effect, as of 5:00 p.m. January 26, 2024, a 1-for-12 reverse split of the Company's common stock (the "January 2024 Reverse Stock Split"). The Company's common stock began trading on a reverse stock split-adjusted basis on The Nasdaq Capital Market ("Nasdaq Capital Market" or "Nasdaq") on January 29, 2024.

### *February 2023 Reverse Stock Split*

On February 9, 2023, the Company filed a certificate of amendment to its amended and restated certificate of incorporation to effect, as of 5:00 p.m. February 9, 2023, a 1-for-20 reverse split of the Company's common stock (the "February 2023 Reverse Stock Split"). The Company's common stock began trading on a reverse stock split-adjusted basis on The Nasdaq Capital Market on February 10, 2023.

The reverse stock splits were implemented for the purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on the Nasdaq Capital Market.

Unless otherwise indicated, all authorized, issued, and outstanding stock and per share amounts contained in the accompanying condensed consolidated financial statements have been adjusted to reflect both the 1-for-20 Reverse Stock Split on February 9, 2023 and the 1-for-12 Reverse Stock Split on January 26, 2024. The February 2023 Reverse Stock Split and the January 2024 Reverse Stock Split are collectively referred to herein as the "Company's Reverse Stock Splits".

## **NOTE 2. LIQUIDITY AND GOING CONCERN**

On October 4, 2023, the Company raised approximately \$4.38 million, prior to deducting underwriting discounts and commissions and offering expenses, via a registered underwritten public offering of the Company's securities. Net proceeds to the Company, after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Company, were approximately \$3.79 million. Refer to Note 10 for details.

On February 7, 2024, the Company raised approximately \$1.77 million, prior to deducting closing costs and placement agent fees, via a warrant inducement transaction with holders of the Company's Series E Warrants issued on October 4, 2023. Net proceeds to the Company, after deducting closing costs, placement agent fees, and other estimated expenses payable by the Company, were approximately \$1.58 million. Refer to Note 10 for details.

On March 12, 2024, the Company raised approximately \$10.1 million, prior to deducting placement agent's fees and other offering expenses via a private placement of common stock and warrants priced at-the-market under Nasdaq rules. Net proceeds to the Company, after deducting placement agent's fees and other estimated offering expenses payable by the Company, were approximately \$9.1 million. Refer to Note 10 for details.

The Company incurred a net loss of \$2,977,667 and \$7,372,512 (after losses attributable to non-controlling interest) for the three and nine months ended March 31, 2024, respectively (net loss of \$6,343,906 and \$7,972,799 for the three and nine months ended March 31, 2023, respectively). As of March 31, 2024, the Company has shareholders' equity of \$10,997,772, working capital of \$5,814,284, and an accumulated deficit of \$49,180,085.

The Company anticipates operating losses for the foreseeable future. The Company does not expect to generate positive cash flows from operating activities and may continue to incur operating losses until it sufficiently delivers on its objectives which include completion of the regulatory approval process in the United States of America (USA) and other markets where such approval may be required, expansion of its revenue base into target markets, and the continued development of its products.

The ability to achieve these objectives is subject to inherent risks and no assurance can be provided that these objectives will be fully achieved within the next 12 months.

The Company has evaluated whether there are conditions and events, considered in the aggregate, that raise a substantial doubt about its ability to continue as going concern within one year after the date of release of the unaudited condensed consolidated financial statements. As a result, the Company believes there is material risk that its cash and cash equivalents as of March 31, 2024, of \$9,397,523, may be insufficient to allow the Company to fund its current operating plan through at least the next twelve months from the issuance of these unaudited condensed consolidated financial statements. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of at least one year from the date these unaudited condensed consolidated financial statements are issued. Accordingly, the Company may be required to raise additional funds during the next 12 months. However, there can be no assurance that when the Company requires additional financing, such financing will be available on terms which are favorable to the Company, or at all. If the Company is unable to raise additional funding to meet its working capital needs in the future, it will be forced to delay or reduce the scope of its research programs and/or limit or cease its operations. In addition, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern unless it can successfully meet the stated objectives and/or raise additional capital.

The Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Company be unable to continue as a going concern.

## **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of presentation***

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, our unaudited condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. Normal and recurring adjustments considered necessary for a fair statement of the results for the interim periods, in the opinion of the Company's management, have been included. Operating results for the three and nine months ended March 31, 2024, are not necessarily indicative of the results that may be expected for the year ending June 30, 2024. The accompanying unaudited condensed consolidated financial statements and related footnote disclosures should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K for the fiscal year ended June 30, 2023, which was filed with the U.S. Securities and Exchange Commission (the "SEC") on August 23, 2023 (the "2023 Form 10-K").

The unaudited condensed consolidated financial statements and notes thereto give retrospective effect to the stock splits for all periods presented. All common stock, options exercisable for common stock, restricted stock units, warrants and per share amounts contained in the unaudited condensed consolidated financial statements have been retrospectively adjusted to reflect the stock splits for all periods presented.

### Principles of consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company, all wholly owned and majority-owned subsidiaries in which the Company has a controlling voting interest and, when applicable, variable interest entities in which the Company has a controlling financial interest or is the primary beneficiary. Investments in affiliates where the Company does not exert a controlling financial interest are not consolidated.

All significant intercompany transactions and balances have been eliminated upon consolidation.

### Equity offering costs

The Company complies with the requirements of Accounting Standards Codification ("ASC") 340, *Other Assets and Deferred Costs*, with regards to offering costs. Prior to the completion of an offering, offering costs are capitalized as deferred offering costs on the consolidated balance sheets. The deferred offering costs will be charged to shareholders' equity upon the completion of the related offering.

### Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from those estimates.

### Business combinations

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of the acquisition. The Company uses the acquisition method of accounting and allocates the purchase price to the identifiable assets and liabilities of the relevant acquired business at their acquisition date fair values. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill. The allocation of the purchase price in a business combination requires the Company to perform valuations with significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair value of assets acquired and liabilities assumed in a business combination. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations. Transaction costs associated with business combinations are expensed as incurred and are included in selling, general and administrative expenses in the consolidated statements of operations.

### Revenue recognition

Revenue is accounted for under ASC 606, *Revenue from Contracts with Customers*, through the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to performance obligations in the contract; and
- Recognize revenue when or as the Company satisfies a performance obligation.

The Company recognized revenue from contracts with customers that satisfies its performance obligations by delivering the promised goods or service deliverables to the customers. A good or service deliverable is transferred to a customer when, or as, the customer obtains control of the good or service deliverable.

Financial information presented on a consolidated basis is accompanied by disaggregated information about revenue and other income by product type for the purpose of allocating resources and evaluating financial performance. Currently, the Company has two products offerings. Accordingly, the Company has determined the following reporting segments (refer to Note 4, Segment Information):

- 1) Commercially available Intelligent Fingerprinting Products ("IFPG" or "IFPG segment")
- 2) Development Stage Saliva Glucose Biosensor Platform ("SGBP" or "SGBP segment")

Revenues are used to evaluate the performance of the Company's segments, the progress of major initiatives and the allocation of resources. All of the Company's revenues are attributable to the IFPG segment during the three and nine months ended March 31, 2024 and 2023.

Revenue from the IFPG segment relates to the sale of readers, cartridges and accessories and is summarized as follows:

	Three Months ended March 31,		Nine Months ended March 31,	
	2024	2023	2024	2023
Sales of goods - cartridges	\$ 448,868	\$ 252,682	\$ 1,159,876	\$ 467,043
Sales of goods - readers	227,361	134,366	752,052	237,554
Other sales	147,571	70,010	472,029	109,140
<b>Total revenue</b>	<b>\$ 823,800</b>	<b>\$ 457,058</b>	<b>\$ 2,383,957</b>	<b>\$ 813,737</b>

### Other income

The other income is mainly comprised of grant income and Research & Development ("R&D") tax refund.

#### a) Grant income

On June 30, 2021, the Company executed a definitive grant agreement with the Australian Government to assist with building a manufacturing facility. The grant has a total value of up to \$4.7 million upon the achievement of certain milestones until March 28, 2024 (extended to March 28, 2025 on April 16, 2024). Proceeds from the grant will be used primarily to reimburse the Company for costs incurred in the construction of the manufacturing facility.



Accounting for the grant does not fall under ASC 606, *Revenue from Contracts with Customers*, as the Australian Government will not benefit directly from our manufacturing facility. As there is no authoritative guidance under U.S. GAAP on accounting for grants to for-profit business entities, we applied International Accounting Standards ("IAS") 20, *Accounting for Government Grants and Disclosure of Government Assistance*, by analogy when accounting for the Australian Government grant to the Company. Furthermore, disclosures made below are in accordance with the disclosure requirements of Accounting Standards Update ("ASU") 2021-10.

The Australian Government grant proceeds, which will be used to reimburse construction costs incurred, meet the definition of grants related to assets as the primary purpose for the payments is to fund the construction of a capital asset. Under IAS 20, government grants related to assets are presented in the statement of financial position either by setting up the grant as deferred income that is recognized in the statement of operation on a systematic basis over the useful life of the asset or by deducting the grant in arriving at the carrying amount of the asset. Either of these two methods of presentation of grants related to assets in financial statements are regarded as acceptable alternatives under IAS 20. The Company has elected to record the grants received initially as deferred income and deduct the grant proceeds received from the gross costs of the assets or construction in progress ("CIP") and the deferred grant income liability. A total of \$ 535,863 and \$646,116 was recognized as a reduction to the CIP asset on the consolidated balance sheets as of March 31, 2024 and June 30, 2023, respectively.

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Under IAS 20, government grants are initially recognized when there is reasonable assurance the conditions of the grant will be met and the grant will be received. As of June 30, 2021, management concluded that there was reasonable assurance the grant conditions will be met and all milestone payment received. The total grant value of \$4.7 million was recognized as both a grant receivable and deferred grant income on the grant effective date. The project has been delayed due to global shortages of semiconductors that are used in manufacturing equipment and global supply chain disruption due to the coronavirus pandemic in the preceding year. The Company has only completed 4 of the 8 milestones in the grant agreement as of March 31, 2024. Subsequent to the quarter ended March 31, 2024, on April 16, 2024, the Company entered into a Deed of Variation with Australian Government, Department of Industry, Science and Resources, extending the project completion date to March 28, 2025. The deed of variation also made certain modifications to the project costs. The overall budget of the project has been reduced by \$1.65 million to account for the changes in scope of the project.

After initial recognition, under IAS 20, government grants are recognized in earnings on a systematic basis in a manner that mirrors the manner in which the Company recognizes the underlying costs for which the grant is intended to compensate. Further, IAS 20 permits for recognition of earnings either separately under a general heading such as other income, or as a reduction of the cost of the asset. The Company has elected to recognize government grant income separately within other income for operating expenditures. Similarly, for capital expenditures, the carrying amount of assets purchased or constructed out of the grant funds are presented net by deducting the grant proceeds received from the gross costs of the assets or CIP and deferred grant income liability. A total of \$ 34,011 and \$112,293 deferred grant income was recognized within other income during the three and nine months ended March 31, 2024, respectively. Deferred grant income recognized within other income during the three and nine months ended March 31, 2023, was \$26,576 and \$125,128, respectively.

#### **b) R&D tax refund**

The Company measures the R&D grant income and receivable by considering the time spent by employees on eligible R&D activities and R&D costs incurred to external service providers. The R&D tax refund receivable is recognized when it is probable that the amount will be recovered in full through a future claim. A total of \$49,831 and \$234,624 of R&D tax refund income was recognized in other income during the three and nine months ended March 31, 2024, respectively. R&D tax refund income was \$91,104 and \$573,497 during the three and nine months ended March 31, 2023, respectively.

#### **Development and regulatory approval expenses**

Expenditures relating to R&D are expensed as incurred and recorded in development and regulatory approval in the condensed consolidated statements of operations and other comprehensive loss. R&D expenses include external expenses incurred under arrangements with third parties; salaries and personnel-related costs; license fees to acquire in-process technology and other expenses. The Company recognizes the benefit of refundable R&D tax refunds as a R&D tax refund income when there is reasonable assurance that the amount claimed will be recovered (refer to the R&D tax refund discussion above).

Intellectual property acquired for a particular research and development project and that have no alternative future uses (in other research and development projects or otherwise) are expensed in research and development costs at the time the costs are incurred.

In certain circumstances, the Company may be required to make advance payments to vendors for goods or services that will be received in the future for use in R&D activities. In such circumstances, the non-refundable advance payments are deferred and capitalized, even when there is no alternative future use for the R&D, until the related goods or services are provided. In circumstances where amounts have been paid in excess of costs incurred, the Company records a prepaid expense.

#### **Equity-Based Compensation**

Equity-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense on a straight-line basis over the requisite service period, based on the terms of the awards. The fair value of the stock-based payments to nonemployees that are fully vested and non-forfeitable as at the grant date is measured and recognized at that date, unless there is a contractual term for services in which case such compensation would be amortized over the contractual term. To the extent possible, the Company will estimate and recognize expected forfeitures.

#### **Foreign currency translation**

Assets and liabilities of foreign subsidiaries are translated from local (functional) currency to reporting currency (U.S. dollar) at the spot rate on the consolidated balance sheets date; income and expenses are translated at the average rate of exchange prevailing during the year. The functional currency of INBS is the United States dollar. Foreign currency movements resulted in a loss of \$144,026 and \$86,909 for the three and nine months ended March 31, 2024, respectively. Foreign currency movements resulted in a loss of \$77,787 and a gain of \$148,251 for the three and nine months ended March 31, 2023, respectively.

#### **Income taxes**

In accordance with the provisions of ASC 740, *Income Taxes*, tax positions initially need to be recognized in the consolidated financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of March 31, 2024, the Company had no uncertain tax positions that qualified for either recognition or disclosure in the unaudited condensed consolidated financial statements. Additionally, the Company had no interest and penalties related to income taxes.

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The Company accounts for current and deferred income taxes and, when appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based on the weight of all available evidence, it is more likely than not that some amount of the recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

#### **Cash and Cash equivalents**

The Company considers all highly liquid investments with a maturity of 90 days or less to be cash equivalents. The carrying values of cash and cash equivalents approximate their fair values due to the short-term nature of these instruments. As of March 31, 2024 and June 30, 2023, there were no cash equivalents. The Company maintains cash accounts with financial institutions. At times, balances in these accounts may exceed federally insured limits. The amounts over these insured limits as of March 31, 2024, and June 30, 2023, were \$8,963,120 and \$1,114,687, respectively. No losses have been incurred to date on any deposits.

#### **Inventories, net**

Inventories are stated at the lower of cost or net realizable value. Cost comprises direct materials and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. General market conditions, as well as the Company's research activities, can cause certain of its products to become obsolete. The Company writes down excess and obsolete inventories based upon a regular analysis of inventory on hand compared to historical and projected demand. The determination of projected demand requires the use of estimates and assumptions related to projected sales for each product. These write downs can influence results from operations.

#### **Property, Plant and Equipment (PPE) & Construction in Progress (CIP)**

In accordance with the ASC 360, *Property, Plant, and Equipment*, the Company's PPE, except land, is stated at cost net of accumulated depreciation and impairment losses, if any. Land is stated at cost less any impairment losses. Costs incurred to acquire, construct, or install PPE, before the assets are ready for use, are capitalized in CIP at historical cost. The carrying amount of assets purchased or constructed out of the grant funds are presented net by deducting the grant proceeds received from the gross costs of the assets or CIP. CIP is not depreciated until such time when the asset is substantially completed and ready for its intended use. Expenditures for maintenance and repairs are charged to operations in the period in which the expense is incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms:

- Other equipment – 3 years
- Production equipment – 2-4 years
- Leasehold improvements – shorter of asset's estimated useful life and the remaining term of the lease

The assets' residual values, useful lives and methods of depreciation are reviewed periodically and adjusted prospectively, if appropriate. Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising upon de-recognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying value of the asset) is included in gain or loss on sale of assets in the consolidated statements of operations in the period the asset is derecognized.

#### **Impairment of Long-lived Assets and Goodwill**

Long-lived assets consist of property and equipment, right-of-use assets and other intangible assets. We assess impairment of assets groups, including intangible assets at least annually or more frequently if there are any indicators for impairment. The Company did not recognize any impairments of long-lived assets during the three and nine months ended March 31, 2024 and 2023.

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business combination. We perform an annual impairment test on goodwill in the fourth quarter of each fiscal year or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying value. We may first assess qualitative factors, such as general economic conditions, market capitalization, the Company's outlook, market performance and forecasted financial performance to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, an impairment test is not necessary. If an impairment test is necessary, we estimate the fair value of a related reporting unit. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is determined to be impaired, and we will record an impairment charge equal to the excess of the carrying value over the related fair value of the reporting unit. If we determine it is more likely than not that goodwill is not impaired, a quantitative test is not necessary.

During the fiscal year ended June 30, 2023, the Company's market capitalization significantly declined and recurring cash burn of the reporting unit and continuous cash support from the parent entity led management to reassess whether an impairment had occurred considering these qualitative factors. Management's evaluation indicated that the goodwill related to its IFPG reporting unit was potentially impaired. The Company then performed a quantitative impairment test by calculating the fair value of the reporting unit and comparing that amount to its carrying value. Significant assumptions inherent in the valuation methodologies include, but were not limited to prospective financial information, growth rates, terminal value and discount rate. The Company determined the fair value of the reporting unit utilizing the discounted cash flow model. The fair value of the reporting unit was determined to be less than its carrying value. During the fiscal year ended June 30, 2023, the Company recognized an impairment charge of \$4.2 million in the IFPG segment, which is related to the goodwill associated with the IFP Acquisition. Following the impairment charge the goodwill balance was zero.

#### **Intangible assets**

Intangible assets are considered long-lived assets and are recorded at cost, less accumulated amortization and impairment losses, if any. The definite lived intangible assets are amortized over their estimated useful lives, which do not exceed any contractual periods. Certain of our intangible assets have been assigned an indefinite life as we currently anticipate that these trade names and trademarks will contribute cash flows to the Company indefinitely. Indefinite-lived intangible assets are not amortized but are evaluated at least annually to determine whether the indefinite useful life is appropriate. Amortization is recorded on a straight-line basis over their estimated useful lives. Intangible assets acquired from a foreign operation are translated from the foreign entity's functional currency to the presentational currency based on the exchange rate at the reporting date.

#### **Leases**

The Company determines if an arrangement is a lease at its inception. Lease arrangements are comprised primarily of real estate for which the right-of-use ("ROU") assets and the corresponding lease liabilities are presented separately on the consolidated balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease

payments over the lease term. The lease term includes options to extend the lease when it is reasonably certain that the option will be exercised. Leases with a term of 12 months or less are not recorded on the unaudited condensed consolidated balance sheet.

The Company uses its estimated incremental borrowing rate in determining the present value of lease payments considering the term of the lease, which is derived from information available at the lease commencement date, considering publicly available data for instruments with similar characteristics. The Company accounts for the lease and non-lease components as a single lease component.

#### ***Employee benefits***

The costs of short-term employee benefits are recognized as a liability and an expense unless those costs are required to be recognized as part of the cost of inventories or non-current assets. The cost of any unused holiday entitlement is recognized in the period in which the employee's services are received. Termination benefits are recognized immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### ***Net loss per share attributable to common shareholders ("EPS")***

The Company calculates earnings per share attributable to common shareholders in accordance with ASC 260, *Earning Per Share*. Basic net loss per share attributable to common shareholders is calculated by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is calculated by dividing net loss attributable to common shareholders by weighted average common shares outstanding during the period plus potentially dilutive common shares, such as share warrants.

Potentially dilutive common shares are calculated in accordance with the treasury share method, which assumes that proceeds from the exercise of all warrants are used to repurchase common share at market value. The number of shares remaining after the proceeds are exhausted represents the potentially dilutive effect of the securities.

As the Company has incurred net losses in all periods, certain potentially dilutive securities, including convertible preferred stock, warrants to acquire common stock, and convertible notes payable have been excluded in the computation of diluted loss per share as the effects are antidilutive.

#### ***Recently issued accounting pronouncements***

The Company assessed the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board ("FASB") on the Company's financial statements as well as material updates to previous assessments, if any, from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023. There were no new material accounting standards adopted during 2024 that impacted the Company.

*Pending adoption:*

#### **Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07")**

In November 2023, the FASB issued ASU 2023-07 to enhance disclosures about significant segment expenses. The amendments in this ASU require a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The amendments in this ASU also clarify circumstances in which an entity can disclose multiple segment measures of profit or loss and provide new segment disclosure requirements for entities with a single reportable segment. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted. The ASU is to be applied retrospectively to all periods presented in the financial statements. The Company has not early adopted and continues to evaluate the impact of the provisions of ASU 2023-07 on its unaudited condensed consolidated financial statements.

#### **Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09")**

In December 2023, the FASB issued ASU 2023-09 to enhance disclosures about income taxes. The amendments in this ASU require a public entity to disclose in tabular format, using both percentages and reporting currency amounts, specific categories in the rate reconciliation and to provide additional information for reconciling items that meet a quantitative threshold. The amendments in this ASU also require taxes paid (net of refunds received) to be disaggregated by federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. The ASU is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The ASU is to be applied prospectively upon adoption. The Company has not early adopted and continues to evaluate the impact of the provisions of ASU 2023-09 on its unaudited condensed consolidated financial statements.

#### ***Concentration of credit risk***

The Company places its cash and cash equivalents, which may at times be in excess of the Australia Financial Claims Scheme, Financial Services Compensation Scheme or the United States' Federal Deposit Insurance Corporation insurance limits, with high credit quality financial institutions and attempts to limit the amount of credit exposure with any one institution.

#### ***Fair value of financial instruments***

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

**Level 1**-Quoted prices in active markets for identical assets or liabilities.

**Level 2**-Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3**-Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

The carrying amounts of cash equivalents, prepaid and other assets, accounts payable and accrued liabilities are representative of their respective fair values because of the short-term nature of those instruments.

#### NOTE 4. SEGMENT INFORMATION

ASC 280, *Segment Reporting*, establishes standards for the manner in which companies report financial information about operating segments, products, services, geographic areas and major customers.

##### Our Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer.

Following the acquisition of IFP, we conduct our business through two operating segments:

- 1) Commercially available Intelligent Fingerprinting Products (IFPG or IFPG segment)
- 2) Development Stage Saliva Glucose Biosensor Platform (SGBP or SGBP segment)

The Company has determined it operates in two operating and reportable segments, as the CODM reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenue and other income by product types for the purpose of allocating resources and evaluating financial performance. Currently, the Company has two products offerings.

The IFPG segment accounted for 100% of the Company's revenue during the three and nine months ended March 31, 2024 and 2023.

The following tables set forth the Company's revenue, government support income, net loss and long-lived assets and inventories by operating and reportable segments.

##### A) Revenue, government support income and net loss

	Three Months Ended March 31, 2024		
	IFPG	SGBP	Total
<b>Revenue</b>			
United Kingdom	\$ 799,811	\$ -	\$ 799,811
Australia	8,789	-	8,789
Other	15,200	-	15,200
Total Revenue	\$ 823,800	\$ -	\$ 823,800
<b>Government Support Income</b>			
United Kingdom	\$ 19,767	\$ -	\$ 19,767
Australia	-	64,075	64,075
Total Government Support Income	\$ 19,767	\$ 64,075	\$ 83,842
Total Revenue and Government Support Income	\$ 843,567	\$ 64,075	\$ 907,642
Net Loss	\$ (1,083,630)	\$ (1,903,135)	\$ (2,986,765)
	Three Months Ended March 31, 2023		
	IFPG	SGBP	Total
<b>Revenue</b>			
United Kingdom	\$ 371,210	\$ -	\$ 371,210
Australia	-	-	-
Other	85,848	-	85,848
Total Revenue	\$ 457,058	\$ -	\$ 457,058
<b>Government Support Income</b>			
United Kingdom	\$ 49,267	\$ -	\$ 49,267
Australia	-	68,413	68,413
Total Government Support Income	\$ 49,267	\$ 68,413	\$ 117,680
Total Revenue and Government Support Income	\$ 506,325	\$ 68,413	\$ 574,738
Net Loss	\$ (4,792,919)	\$ (1,559,098)	\$ (6,352,017)
	Nine Months Ended March 31, 2024		
	IFPG	SGBP	Total
<b>Revenue</b>			
United Kingdom	\$ 2,210,409	\$ -	\$ 2,210,409
Australia	33,676	-	33,676
Other	139,872	-	139,872
Total Revenue	\$ 2,383,957	\$ -	\$ 2,383,957
<b>Government Support Income</b>			
United Kingdom	\$ 126,705	\$ -	\$ 126,705
Australia	-	220,212	220,212
Total Government Support Income	\$ 126,705	\$ 220,212	\$ 346,917
Total Revenue and Government Support Income	\$ 2,510,662	\$ 220,212	\$ 2,730,874

Net Loss	\$ (2,732,728)	\$ (4,662,844)	\$ (7,395,572)
<b>Nine Months Ended March 31, 2023</b>			
	<b>IFPG</b>	<b>SGBP</b>	<b>Total</b>
<i>Revenue</i>			
United Kingdom	\$ 676,883	\$ -	\$ 676,883
Australia	-	-	-
Other	136,854	-	136,854
Total Revenue	\$ 813,737	\$ -	\$ 813,737
<i>Government Support Income</i>			
United Kingdom	\$ 156,824	\$ -	\$ 156,824
Australia	-	541,801	541,801
Total Government Support Income	\$ 156,824	\$ 541,801	\$ 698,625
Total Revenue and Government Support Income	\$ 970,561	\$ 541,801	\$ 1,512,362
Net Loss	\$ (4,454,451)	\$ (3,538,715)	\$ (7,993,166)

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*B) Long-lived assets and inventories*

<b>As of March 31, 2024</b>			
	<b>IFPG</b>	<b>SGBP</b>	<b>Total</b>
<i>Long-lived assets, net</i>			
United Kingdom	\$ 4,899,114	\$ -	\$ 4,899,114
Australia	-	619,248	619,248
Total Long-Lived Assets	\$ 4,899,114	\$ 619,248	\$ 5,518,362
<i>Inventories, net</i>			
United Kingdom	\$ 810,889	\$ -	\$ 810,889
Australia	67,016	-	67,016
Total Inventories	\$ 877,905	\$ -	\$ 877,905
Total Long-Lived Assets and Inventory	\$ 5,777,019	\$ 619,248	\$ 6,396,267
<b>As of June 30, 2023</b>			
<i>Long-lived assets, net</i>			
United Kingdom	\$ 5,730,831	\$ -	\$ 5,730,831
Australia	-	761,220	761,220
Total Long-Lived Assets	\$ 5,730,831	\$ 761,220	\$ 6,492,051
<i>Inventories, net</i>			
United Kingdom	\$ 880,696	\$ -	\$ 880,696
Australia	99,211	-	99,211
Total Inventory	\$ 979,907	\$ -	\$ 979,907
Total Long-Lived Assets and Inventory	\$ 6,710,738	\$ 761,220	\$ 7,471,958

**NOTE 5. INTELLIGENT FINGERPRINTING LIMITED ACQUISITION**

On October 4, 2022, INBS acquired 100% of the outstanding shares of Intelligent Fingerprinting Limited (IFP), a company registered in England and Wales, pursuant to a Share Exchange Agreement, dated October 4, 2022 (the "Share Exchange Agreement") by and among IFP, the holders of all of the issued shares in the capital of IFP (the "IFP Sellers") and a representative of the IFP Sellers. IFP owns a portfolio of intellectual property for diagnostic tests and associated technologies, including drug testing through the analysis of fingerprint sweat. The acquisition of IFP has expanded the Company's platform of rapid, non-invasive diagnostic testing technologies.

The table below summarizes the fair value of the consideration transferred in the acquisition (pre-Company's Reverse Stock Splits):

<b>Purchase consideration*</b>	<b>Amount</b>
Cash	\$ 363,500
Note receivable settled for business acquisition	504,938
Common Stock - 2,963,091 shares @ \$0.5502 / share	1,630,293
Series C Preferred Stock (base) - 2,363,003 shares @ 3 x \$0.5502 / share	3,900,373
Series C Preferred Stock (holdback) - 500,000 shares @ 3 x \$0.5502 / share	825,300
Total purchase price	\$ 7,224,404

\* The description of the IFP Acquisition below this table describes the purchase consideration on a post-Company's Reverse Stock Splits basis.

Pursuant to the Share Exchange Agreement, the Company acquired from the IFP Sellers all of the issued and outstanding shares of the capital stock of IFP, and as consideration therefore, the Company issued and sold to the IFP Sellers upon the closing of the IFP Acquisition (the "IFP Closing") an aggregate number of 12,347 (as adjusted for Company's Reverse Stock Splits) shares of the Company's common stock, and (ii) 2,363,003 shares of the Company's Series C Convertible Preferred Stock, par value \$0.01 per share (the "Series C Preferred Stock").

Up to an additional 1,649,273 shares of Series C Preferred Stock were reserved for potential future issuance by the Company, consisting of (i) 500,000 shares of Series C Preferred Stock, that were held back from the IFP Sellers for one year after the IFP Closing to secure potential indemnification claims by the Company against the IFP Sellers and (ii) 1,149,273 shares of Series C Preferred Stock to certain lenders to IFP (the "IFP Lenders"). Each share of Series C Preferred Stock was convertible into 0.0125 shares of common stock at the time of conversion (after giving effect to the Company's Reverse Stock Splits), which was contingent upon approval by the Company's stockholders that was obtained on May 8, 2023.

Effective contemporaneously with the IFP Closing, the Company entered into an amendment to the bridge facility agreement between the Company and IFP, dated as of June 16, 2022, pursuant to which, among other things, the \$504,938 (including accrued interest) loan from the Company to IFP remained outstanding following the date of the IFP Closing (the "Company-IFP Loan Agreement").

The loan receivable from IFP of \$504,938 as of October 4, 2022, was treated as a cash consideration in accordance with ASC 805, *Business Combinations* ("ASC 805").

The Company entered into various loan agreements in the aggregate amount of \$ 1,425,307 (£1,254,270), including accrued interest, pursuant to which IFP was the borrower and the Company became a guarantor of IFP's obligations thereunder (the "IFP Loan Agreements" and, together with the Company-IFP Loan Agreement, the "Loan Agreements"). Under the Loan Agreements, the loans thereunder remained outstanding following the IFP Closing and (x) the loans and certain accrued interest was convertible into shares of IFP, which shares of IFP would then be immediately transferred to the Company in exchange for shares of Series C Preferred Stock that were convertible into common stock (as set forth in the Share Exchange Agreement) following approval of the Company Stockholder Approval Matters (defined below) or (y) the loans and certain accrued interest will become repayable on the second anniversary of the date of the IFP Closing. The loans bore interest at 17% per annum on a compounded basis, increasing to 22% per annum on a compounded basis with effect from the date that falls 12 months following the date of the IFP Closing, if the Company Stockholder Approval Matters had not been approved by the Company's stockholders by such date. The "Company Stockholder Approval Matters" means the approval by the Company's stockholders of (i) the conversion of the Series C Preferred Stock into common stock and (ii) any amendments to, or adoption of, any option or warrant plans to give effect to the transactions contemplated under the Share Exchange Agreement. The last of the Company Stockholder Approval Matters were approved at a special meeting of the Company's stockholders (the "Special Meeting") on May 8, 2023.

Each share of Series C Preferred Stock (other than the IFP Lender Preferred Shares) automatically converted into common stock upon approval of the Company's stockholders of the conversion of Series C Preferred Stock into common stock, and each IFP Lender Preferred Share converted into common stock at the option of the applicable holder of such IFP Lender Preferred Shares following approval of the Company's stockholders of the conversion of Series C Preferred Stock into common stock. The number of shares of common stock into which the Series C Preferred Stock was convertible was subject to adjustment in the case of any stock dividend, stock split, combinations, or other similar recapitalization with respect to the common stock.

The rights, preferences and privileges of the Series C Preferred Stock are set forth in the Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock that the Company filed with the Secretary of State of the State of Delaware on October 4, 2022, as further described below (the "Series C Certificate of Designation").

The Series C Preferred Stock does not have any voting rights (other than as required by law) and does not carry dividends or a liquidation preference. Each share of Series C Preferred Stock was initially convertible into 3 shares of common stock, subject to adjustment as noted above. Following the Company's Reverse Stock Splits, each share of Series C Preferred Stock was convertible into 0.0125 shares of common stock. The loan receivable from IFP of \$504,938 as of October 4, 2022, was treated as a cash consideration in accordance with ASC 805.

The Company incurred \$806,397 of equity issuance costs in relation to issuing common and Series C Preferred Stock to acquire IFP. These costs were recognized as a reduction to additional paid-in capital on the condensed consolidated balance sheets.

At the Special Meeting on May 8, 2023, the last of the remaining Company Stockholder Approval Matters were approved when the Company's stockholders approved the full conversion of all Series C Preferred Stock and an increase in the number of shares authorized for issuance under the 2019 Long Term Incentive Plan ("2019 Plan" or the "Plan"). Subsequently, effective as of May 10, 2023, all 3,512,277 shares of outstanding Series C Preferred Stock (which included the 1,149,273 Lender Preferred Shares, but not the 500,000 Closing Holdback Shares (which were not outstanding)) were converted into an aggregate of 43,902 shares of common stock (as adjusted for Company's Reverse Stock Splits).

The 500,000 "Closing Holdback Shares" were shares of Series C Preferred Stock that were held back from issuance to the IFP Sellers for one year after the IFP Closing in order to secure potential indemnification claims by the Company against the IFP Sellers. Effective one year after the IFP Closing, the 500,000 Closing Holdback Shares were issued and immediately converted into an aggregate of 6,248 shares of common stock (as adjusted for Company's Reverse Stock Splits).

The final allocation of the purchase price of IFP to the assets acquired and liabilities assumed, based on their relative fair values, is as follows:

<b>Allocation of purchase consideration</b>	<b>Amount</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 174,481
Inventory	774,625
Other current assets	345,038
Property and Equipment	52,170
Intangible assets	5,463,000
Goodwill	3,803,293
Total assets acquired	10,612,607
<b>Liabilities:</b>	
Accounts payable and accrued expenses	(1,027,302)
Notes payable	(677,137)
	(1,683,764)
Convertible notes payable	)
Total liabilities assumed	(3,388,203)
Net assets	\$ 7,224,404

Acquired intangible assets of \$5,463,000 include technology of \$5,119,000 (which is estimated to have a useful life of 7 years), customer relationships of \$252,000 (which are estimated to have a useful life of 3 years), and trade names and trademarks of \$ 92,000 (which are estimated to have an indefinite useful life). The value assigned to technology was determined using the multi-period excess earnings methodology under the income approach, the customer relationships was valued using the distributor method under the income approach, and the trade name and trademarks was valued using the relief from royalty method.

The acquisition produced \$3,803,293 of goodwill, which has been assigned to the IFPG reporting unit. The goodwill is attributable to a combination of IFP's assembled workforce and other product and operating synergies. Goodwill arising from the IFP Acquisition is not deductible for tax purposes. During the fiscal year ended June 30, 2023, the full amount of goodwill was impaired. Refer to Note 3 for further information.

Transaction costs, except for the equity issuance costs discussed above, were not material and are included in selling, general and administrative expenses on the Company's condensed consolidated statement of operations.

Intangible assets acquired from IFP were remeasured at March 31, 2024 and June 30, 2023 using the applicable spot rate.

### Pro-Forma Results of Operations

Unaudited pro-forma consolidated results of operations for the three months ended March 2024, the nine months ended March 2024 and the three months ended March 2023 are not required because the results of the acquired business are included in the Company's results. The following unaudited pro-forma consolidated results of operations for the nine months ended March 31, 2023, has been prepared as if the acquisition of IFP had occurred on July 1, 2022 and includes adjustments for amortization related to the valuation of acquired intangibles:

	Nine Months Ended March 31, 2023	
	As Reported	Pro Forma
Revenue	\$ 813,737	\$ 1,161,223
Net loss	\$ (7,993,166)	\$ (9,234,721)
Net loss attributable to Intelligent Bio Solutions Inc.	\$ (7,972,799)	\$ (9,214,354)
Net loss per share, basic and diluted	\$ (104.04)	\$ (120.25)

### NOTE 6. INVENTORIES, NET

Inventories consist of the following:

	March 31, 2024	June 30, 2023
Raw material & work-in-progress	\$ 625,771	\$ 419,889
Finished goods	518,468	757,518
Less: provision for inventory obsolescence	(266,334)	(197,500)
Inventory, net	<u>\$ 877,905</u>	<u>\$ 979,907</u>

### NOTE 7. INTANGIBLE ASSETS, NET

Intangible assets, net consist of the following as March 31, 2024:

	Weighted average useful lives (years)	Acquisition cost	Effect of foreign currency	Accumulated amortization	Carrying value
Technology	7 years	\$ 5,119,000	\$ 593,210	\$ 1,362,142	\$ 4,350,068
Customer relationships	3 years	252,000	29,203	140,602	140,601
Trade names and trademarks	Indefinite	92,000	10,661	-	102,661
Total intangible assets		<u>\$ 5,463,000</u>	<u>\$ 633,074</u>	<u>\$ 1,502,744</u>	<u>\$ 4,593,330</u>

Intangible assets, net consist of the following as of June 30, 2023:

	Weighted average useful lives (years)	Acquisition cost	Effect of foreign currency	Accumulated amortization	Carrying value
Technology	7 years	\$ 5,119,000	\$ 603,422	\$ 780,500	\$ 4,941,922
Customer relationships	3 years	252,000	29,127	70,282	210,845
Trade names and trademarks	Indefinite	92,000	10,634	-	102,634
Total intangible assets		<u>\$ 5,463,000</u>	<u>\$ 643,183</u>	<u>\$ 850,782</u>	<u>\$ 5,255,401</u>

Intangibles assets recognized from the acquisition of IFP were allocated to the IFPG operating and reportable segment.

Expense related to the amortization of intangible assets for the three and nine months ended March 31, 2024, was \$ 283,708 and \$726,168, respectively. Expenses related to the amortization of intangible assets for the three and nine months ended March 31, 2023, was \$346,548 and \$686,570, respectively.

Amortization expense for the intangible assets is expected to be as follows over the next five years, and thereafter:

Remainder of 2024	\$ 221,164
2025	884,656
2026	814,355
2027	790,921
2028	790,921
Thereafter	988,652
Total	<u>\$ 4,490,669</u>

There were no impairment charges related to intangible assets incurred in the periods presented.

### NOTE 8. NOTE PAYABLE

As a result of the acquisition of IFP, the Company assumed a note payable due to a distributor of IFP. The unpaid principal balance of the loan will accrue interest at a rate of 0.97% per annum. The balance is offset by:

- Payments of 10% of the Company's monthly worldwide gross revenue received in the preceding month;
- 50% of sales by the Company to the distributor.

The classification of the notes payables is based on sales forecast prepared by the management.



## NOTE 9. LEASES

The Company assumed a non-cancelable operating lease agreement in relation to IFP Acquisition on October 4, 2022. Additionally, the Company also entered into another non-cancelable operating lease that commenced in May 2023. The leases have original lease periods expiring from August 2025 to April 2026. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Amortization of operating lease right-of-use assets	\$ 60,062	\$ 45,548	\$ 178,891	\$ 94,171
Interest on operating lease liabilities	20,704	23,712	61,022	46,160
Total lease costs	\$ 80,766	\$ 69,260	\$ 239,913	\$ 140,331

As of March 31, 2024, the weighted average remaining lease-term and discount rate on the Company's leases were 1.6 years and 13.2%, respectively.

The reconciliation of the maturities of the operating leases to the operating lease liabilities recorded in the consolidated balance sheet as of March 31, 2024, is as follows:

Remainder of 2024	\$ 74,181
2025	308,145
2026	82,964
Total lease payments	465,290
Less: present value discount	(50,751)
Lease liabilities	414,539

## NOTE 10. SHAREHOLDERS' EQUITY

As of March 31, 2024, there were warrants outstanding to purchase shares amounting to 6,841,930 of common stock held by certain shareholders. Each warrant initially represented the right to purchase one share of the Company's common stock, subject to adjustment upon the occurrence of specified events including reverse stock splits.

### March 2024 Private Placement

On March 8, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with several institutional and accredited investors for the sale by the Company of (i) 675,183 shares (the "Shares") of the Company's common stock, (ii) Series I Pre-Funded Common Stock purchase warrants (the "Pre-Funded Warrants") to purchase up to an aggregate of 1,548,150 shares of common stock, (iii) Series H-1 warrants to purchase up to an aggregate of 2,223,333 shares of common stock (the "Series H-1 Warrants"), and (iv) Series H-2 warrants to purchase up to an aggregate of 2,223,333 shares of common stock (the "Series H-2 Warrants" and, collectively with the Series H-1 Warrants and Pre-Funded Warrants, the "March Warrants"), in a private placement offering (the "March 2024 Offering"). The combined purchase price of one share of common stock (or one Pre-Funded Warrant) and accompanying Series H-1 Warrant and Series H-2 Warrant was \$4.55. The March 2024 Offering closed on March 12, 2024.

Subject to certain ownership limitations, the March Warrants are exercisable upon issuance. Each Pre-Funded Warrant is exercisable into one share of common stock at a price per share of \$0.01 (as adjusted from time to time in accordance with the terms thereof) and may be exercised at any time until the Pre-Funded Warrants are exercised in full. Each Series H-1 Warrant and Series H-2 Warrant is exercisable into one share of common stock at a price per share of \$4.55 (as adjusted from time to time in accordance with the terms thereof). The Series H-1 Warrants have a term of eighteen months following the date a registration statement registering all warrant shares underlying the Series H-1 Warrants is declared effective by the SEC. The Series H-2 Warrants have a term of exercise equal to five (5) years, which will be reduced to 20 calendar days following any date the Company makes a public announcement of 510(k) clearance by the U.S. Food and Drug Administration of the Company's Intelligent Fingerprinting Drug Screening System.

The gross proceeds to the Company from the March 2024 Offering were approximately \$ 10.1 million, before deducting the placement agent's fees and other offering expenses, and excluding the proceeds, if any, from the cash exercise of the March Warrants. The Company intends to use the net proceeds from the March 2024 Offering for working capital and for general corporate purposes.

In connection with the Purchase Agreement, the Company entered in a Registration Rights Agreement and agreed to file by March 18, 2024, a resale registration statement (the "Resale Registration Statement") with the SEC covering all shares of common stock sold to investors and the shares of common stock issuable upon exercise of the March Warrants, and to use its best efforts to cause the Resale Registration Statement to be declared effective no later than April 22, 2024.

The Shares, the March Warrants, and the shares issuable upon exercise of the March Warrants were sold and issued without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act as transactions not involving a public offering and Rule 506 of Regulation D promulgated under the Securities Act as sales to accredited investors, and in reliance on similar exemptions under applicable state laws.

On March 8, 2024, the Company entered into a Placement Agency Agreement with Ladenburg Thalmann & Co. Inc. (the "Agent") pursuant to which the Company agreed to pay the Agent (i) a cash fee equal to 8.0% of the gross proceeds received by the Company in the March 2024 Offering, (ii) a management fee equal to 1.0% of the gross proceeds received by the Company in the March 2024 Offering, (iii) common stock purchase warrants to purchase such number of shares of common stock equal to 5% of the aggregate number Shares and Pre-Funded Warrants sold in the March 2024 Offering, which warrants are to have an exercise price equal to 125% of the offering price per share and an expiration date of 5 years from issuance (the "Placement Agent Warrants"); (iv) a cash fee equal to 9.0% of the gross proceeds received by the Company from the cash exercise of any H-1 Warrants and H-2 Warrants; and (vi) reimbursement of the Agent's expenses in an amount up to \$145,000. The Placement Agent Warrants and the shares issuable upon exercise of the Placement Agent Warrants were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act as transactions not involving a public offering and in reliance on similar exemptions under applicable state laws.

### Warrant Inducement Transaction

On February 4, 2024, the Company entered into warrant inducement agreements (the "Inducement Agreements") with certain accredited and institutional holders (collectively, the "Holders") of the Company's outstanding Series E Warrants issued on October 4, 2023 (the "Series E Warrants"). Pursuant to the Inducement Agreements, each Holder that exercised its Series E Warrants pursuant to the Inducement Agreement received one (1) replacement warrant (a "Series G Warrant") for each Series E Warrant exercised (the "Warrant Inducement Transaction"). The Series E Warrants had an exercise price of \$2.9232 per share. The Series G Warrants are exercisable immediately upon issuance, expire on the five and one half ( 5.5) year anniversary of the date of issuance, and have an initial exercise price equal to \$4.50 per share.



The closing of the Warrant Inducement Transaction took place on February 7, 2024. Gross proceeds to the Company from the exercise of the Series E Warrants was approximately \$1.77 million, prior to deducting closing costs and placement agent fees. As a result of the Holders exercising the Series E Warrants, the Company issued an aggregate of 606,064 shares of common stock.

The issuance of the Series G Warrants was made in reliance upon an exemption from the registration requirements pursuant to Section 4(a)(2) of the Securities Act.

#### *October 2023 Offering*

On October 4, 2023, the Company completed an underwritten public offering of its securities in the form of units (the "October 2023 Offering") consisting of a total of 2,232,221 shares (186,018 shares post January 2024 Reverse Stock Split) of common stock, 5,728,723 shares of the Company's Series E Convertible Preferred Stock (each share of Series E Preferred Stock is convertible into one share of the Company's common stock (1/12 share post January 2024 Reverse Stock Split)), ("Series E Preferred Stock"), 7,960,944 warrants (663,412 warrants post January 2024 Reverse Stock Split) to purchase shares of common stock that will expire on the five-and-a-half-year anniversary of the original issuance date (the "Series E Warrants"), and 7,960,944 warrants (663,412 warrants post January 2024 Reverse Stock Split) to purchase shares of common stock that will expire on the one-and-a-half-year anniversary of the original issuance date (the "Series F Warrants", collectively with the Series E Warrants, the "Warrants"). Each Unit consisted of one share of common stock (1/12 share post January 2024 Reverse Stock Split) (or one share of Series E Preferred Stock), one Series E Warrant and one Series F Warrant. The Units were priced at a combined public offering price of \$0.55 per unit for initial gross proceeds of approximately \$ 4.38 million. Net proceeds to the Company, after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Company, were approximately \$3.79 million.

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The original exercise price of the Series E Warrants was \$ 0.55 per share (\$6.60 post-Company's Reverse Stock Splits) which was subject to a one-time reset to a price equal to the lesser of (i) the then exercise price and (ii) 90% of the five-day volume weighted average price for the five trading days immediately following the date the Company effects a reverse stock split. As a result of the January 2024 Reverse Stock Split, the exercise price of the Series E Warrants was reset to \$2.9232 per share. The original exercise price of the Series F Warrants was \$ 0.55 per share (\$6.60 post-Company's Reverse Stock Splits), but is subject to an alternate cashless exercise option pursuant to which the holder has the right to receive an aggregate number of shares of common stock on a one-for-one basis (one-for-1/12 post-Company's Reverse Stock Splits) (subject to adjustment).

The Company also agreed to issue to the Underwriters, warrants to purchase up to 5.0% of the shares of common stock (or common stock equivalents) sold in the October 2023 Offering (which equaled 398,047 shares of common stock (33,171 shares post January Reverse Stock Split)). These warrants have an exercise price of \$0.6875 per share (\$8.25 post January 2024 Reverse Stock Split) and will terminate on October 2, 2028.

Also on October 4, 2023, following the one-year anniversary of the IFP Acquisition, the Company issued 74,971 (6,248 shares post January 2024 Reverse Stock Split) shares of common stock to the IFP Sellers in connection with the release of the 500,000 Closing Holdback Shares, which consisted of Series C Preferred Stock that were then immediately converted to common stock at a rate of 0.15 shares (0.0125 shares post-Company's Reverse Stock Splits) of common stock per share of Series C Preferred Stock. See Note 5 for further detail of the IFP Acquisition.

Subsequent to the October 2023 Offering, all 5,728,723 shares of the outstanding Series E Preferred Stock were converted into an aggregate of 5,728,723 shares (477,394 post-Company's Reverse Stock Splits) of common stock. Additionally, the Company issued 7,346,178 shares (612,182 post-Company's Reverse Stock Splits) of common stock pursuant to the cashless exercise of the Company's Series F Warrants.

#### *Consulting Agreement*

On February 29, 2024, the Company entered into a Consulting Agreement (the "C2C Agreement") with C2C Advisors Inc. ("C2C") pursuant to which C2C will provide certain advisory and investor relations services to the Company. As consideration for such services, the Company agreed pay a fee consisting of: (a) a cash fee of \$25,000 per month and (b) a single grant of 37,500 restricted shares of common stock (the "C2C Grant Shares"). The C2C Agreement has an initial term of 6 months. For the three and nine months ended March 31, 2024, the Company recognized \$179,625 and \$179,625 of expense related to the C2C Agreement in the condensed consolidated statement of operations.

#### *Advisory Agreement*

On February 29, 2024, the Company entered into an Investor Relations and Corporate Development Advisory Agreement (the "ClearThink Agreement") with ClearThink Capital LLC ("ClearThink") pursuant to which ClearThink will provide certain advisory and investor relations services to the Company. As consideration for such services, the Company agreed pay a fee consisting of: (a) an initial grant of 5,260 restricted shares of common stock (the "Initial Grant") and (b) a monthly fee consisting of (i) a cash fee of a \$5,000 per month, and (ii) a grant of restricted common stock with a value of \$ 4,000 per month (\$12,000 per three-month period (a "Quarter")), with the number of shares of common stock in each such Quarterly issuance (each a "Quarterly Grant") calculated on the first business day of each Quarter based on the closing price of the Company's common stock on the last trading day of the immediately preceding Quarter. The ClearThink Agreement remains in effect until terminated by either party after three months from the effective date. For the three and nine months ended March 31, 2024, the Company recognized \$25,195 and \$25,195 of expense related to the ClearThink Agreement in the condensed consolidated statement of operations respectively.

#### *Stock-based payments*

For the three and nine months ended March 31, 2024, the Company recognized \$ 218,305 and \$218,305 of expense related to the stock-based compensation in the condensed consolidated statement of operations. All restricted stock granted during the three and nine months ended March 31, 2024 vested immediately. There are no unvested shares of restricted stock as of March 31, 2024 and 2023.

#### **NOTE 11. FAIR VALUE MEASUREMENTS**

The Company held back 500,000 Series C Preferred Stock (Closing Holdback Shares), from the IFP Sellers for one year after the IFP Closing to secure potential indemnification claims by the Company against the IFP Sellers. Each share of Series C Preferred Stock was convertible into 0.0125 shares of common stock (as adjusted for January 2024 Reverse Stock Split).

Effective one year after the IFP Closing, the 500,000 Closing Holdback Shares were issued and immediately converted into an aggregate of 6,248 shares of common stock (as adjusted for January 2024 Reverse Stock Split).

See Note 5 for further information and disclosures relating to the conversion of the Series C Preferred Stock, including the Closing Holdback Shares.

The following table provides a reconciliation of the beginning and ending balance of the Closing Holdback Shares (in the form of Series C Preferred Stock) measured at fair value on a recurring basis during the period:

	Preferred stock carried at fair value (Level 2)
Balance at June 30, 2023	\$ 208,500
Fair value gain on revaluation of holdback Series C Preferred Stock	(131,250)
Balance at September 30, 2023	77,250
Fair value gain on revaluation of holdback Series C Preferred Stock	(44,488)
Conversion of holdback Series C Preferred Stock into Common Stock	(32,762)
Balance at December 31, 2023	-
Fair value gain on revaluation of holdback Series C Preferred Stock	-
Balance at March 31, 2024	\$ -

The Company did not have assets or liabilities carried at fair value using Level 1 inputs as of March 31, 2024 and 2023.

The Company did not have assets or liabilities carried at fair value using Level 3 inputs as of March 31, 2024. The Company had liabilities carried at fair value using Level 3 inputs as of March 31, 2023 amounting to \$389,361 related to convertible note liabilities measured at fair value on a recurring basis.

The Company has not transferred any assets between fair value measurement levels during the three and nine months ended March 31, 2024 and 2023.

## NOTE 12. RELATED PARTY TRANSACTIONS

### October 2023 Offering

Spiro Sakiris, our Chief Financial Officer, purchased 112,727 units on the same terms as the other purchasers in the October 2023 Offering. Mr. Christopher Towers, a member of our Board of Directors (the "Board"), purchased 9,090 units on the same terms as the other purchasers in the October 2023 Offering. Each unit consisted of one share of common stock, one Series E Warrant and one Series F Warrant.

## NOTE 13. COMMITMENTS AND CONTINGENCIES

On February 9, 2024, the Company signed an agreement with Cliantha Research to conduct a clinical study as a part of the Company's FDA 510(k) clinical study plan. As a part of the agreement, the Company is committed to pay \$494,197 on completion of certain milestones. As of March 31, 2024, \$343,742 remains payable under the agreement.

The Company has no material purchase commitments. For commitments under non-cancellable leases, refer to Note 9.

From time to time, the Company may become a party to various legal proceedings arising in the ordinary course of business. Based on information currently available, the Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, results of operations or liquidity. However, legal matters are inherently uncertain, and the Company cannot guarantee that the outcome of any potential legal matter will be favorable to the Company.

## NOTE 14. LOSS PER SHARE

Basic loss per common share is computed by dividing net loss allocable to common shareholders by the weighted average number of shares of common stock or common stock equivalents outstanding after adjusting for the February 2023 Reverse Stock Split, and the January 2024 Reverse Stock Split. Diluted loss per common share is computed similar to basic loss per common share except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Net loss attributable to Intelligent Bio Solutions Inc.	\$ (2,977,667)	\$ (6,343,906)	\$ (7,372,512)	\$ (7,972,799)
Basic and diluted net loss per share attributed to common shareholders	\$ (1.43)	\$ (68.67)	\$ (6.64)	\$ (104.04)
Weighted-average number of shares outstanding	2,079,864	92,389	1,110,089	76,629

The following outstanding warrants, options and preferred shares were excluded from the computation of diluted net loss per share for the periods presented because their effect would have been anti-dilutive:

### Post-Consolidated Company Reverse Stock Split: Anti-dilutive warrants and preferred stock

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Warrants	6,841,930	104,564	6,841,930	104,564
Preferred Stock	-	380,896	-	380,896

## NOTE 15. SUBSEQUENT EVENTS

Subsequent to the quarter ended March 31, 2024, (i) an investor in the March 2024 Offering exercised 200,000 Pre-Funded Warrants and (ii) the Company issued 3,250 employee shares of common stock to an employee under the 2019 Plan.

Subsequent to the quarter ended March 31, 2024, the Company entered into a Deed of Variation with Australian Government, Department of Industry, Science and Resources amending the original grant agreement dated June 30, 2021. The deed of variation extended the project completion date to March 28, 2025. The deed of variation also made certain modifications to the project costs. The overall budget of the project has been reduced by \$1.65 million to account for changes in scope of the project.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our audited historical consolidated financial statements, which are included in the 2023 Form

10-K and our unaudited condensed consolidated financial statements for the fiscal quarter ended March 31, 2024, included elsewhere in this Quarterly Report on Form 10-Q. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks, uncertainties, and other factors. Actual results could differ materially because of the factors discussed below or elsewhere in this Quarterly Report on Form 10-Q. See Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q and Part I, Item 1A. "Risk Factors" of the 2023 Form 10-K.

## Forward-Looking Information

All statements other than statements of historical fact or relating to present facts or current conditions included in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding expectations, hopes, beliefs, intentions, or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "should," "can have," "likely" and the negative of such words and other words and terms of similar meaning, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Item 1A — Risk Factors" of this Quarterly Report on Form 10-Q and in our 2023 Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by the federal securities laws, we are under no duty to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q or to conform these statements to actual results or revised expectations.

## Overview

Intelligent Bio Solutions Inc. (formerly known as GBS Inc.), and its wholly owned Delaware subsidiary, GBS Operations Inc. were each formed on December 5, 2016, under the laws of the state of Delaware. Our Australian subsidiary Intelligent Bio Solutions (APAC) Pty Ltd (formerly known as Glucose Biosensor Systems (Greater China) Pty Ltd) was formed on August 4, 2016, under the laws of New South Wales, Australia and was renamed to Intelligent Bio Solutions (APAC) Pty Ltd on January 6, 2023. On October 4, 2022, INBS acquired Intelligent Fingerprinting Limited (IFP), a company registered in England and Wales (the IFP Acquisition). Our headquarters are in New York, New York.

We are a medical technology company focused on developing and delivering intelligent, rapid, non-invasive testing and screening solutions. We operate globally with the objective of providing innovative and accessible solutions that improve the quality of life.

Our current product portfolio includes:

- **Intelligent Fingerprinting Platform** - Our proprietary portable platform analyzes fingerprint sweat using a one-time (recyclable) cartridge and portable handheld reader. Our flagship product from this platform, which is commercially available in certain countries outside of the United States, is the Intelligent Fingerprinting Drug Screening System (the "IFP System" or "IFP Products"), a two-part system that consists of non-invasive, fingerprint sweat-based diagnostic testing products designed to detect drugs of abuse including opiates, cocaine, methamphetamines, benzodiazepines, cannabis, methadone, and buprenorphine. The system comprises a small, tamper-evident drug screening cartridge onto which ten fingerprint sweat samples are collected in under a minute, before the portable analysis unit provides an on-screen result in under ten minutes. Samples collected with our confirmatory kits can be sent to a third-party laboratory service provider to perform confirmation testing. Customers include safety-critical industries such as construction, transportation and logistics firms, manufacturing, engineering, drug treatment organizations in the rehabilitation sector, and judicial organizations.
- **The Biosensor Platform** - Our "Biosensor Platform" consists of a small, printable modified organic thin-film transistor strip that we license across the Asia Pacific Region ("APAC Region") from Life Science Biosensor Diagnostics Pty Ltd ("LSBD" or "Licensor"). The Biosensor Platform, which is designed to detect multiple biological analytes by substituting the Glucose Oxidase ("GOX") enzyme with a suitable alternative for each analyte, is currently in the development stage. Our flagship product candidate based on the Biosensor Platform technology is the Saliva Glucose Biosensor ("SGB" and, together with a software app that interfaces the SGB with the Company's digital information system, the Saliva Glucose Test or "SGT"), a Point of Care Test (POCT) expected to complement the finger pricking invasive blood glucose monitoring test for diabetic patients. Our products based on the SGT are referred to herein as the "SGT products."

These platform technologies have the potential to develop a range of POCT including the modalities of clinical chemistry, immunology, tumor markers, allergens, and endocrinology.

We are party to following technology license agreements:

- **SGT** - The Amended and Restated License Agreement dated September 12, 2019, which amends and restates all previous license agreements (the "SGT License Agreement") is limited to the APAC Region.
- **COV2** - The technology license agreement dated June 23, 2020 (the "COV2 License Agreement"), for COV2 diagnostic test globally.

In addition to above, we have 50% equity interest in BiosensX (North America) Inc., which has a separate technology license agreement with the Licensor covering glucose/diabetes management field in the North America Territory.

**SGT License Agreement** - On September 12, 2019, we entered into an Amended and Restated Technology License Agreement, or the "SGT License Agreement," with the LSBD amending and restating all the previous SGT license agreements with LSBD. The SGT License Agreement sets forth our contractual rights and responsibilities relating to the Licensed Products in the APAC Region. The "Licensed Products" are products consisting of a biosensor strip and smart device application or dedicated reader device that use the biosensor technology owned by the Licensor relating to measuring, or otherwise determining, the amount or concentration of glucose, and the existence of biological markers of cancer, allergy/immunology and hormones, in a bodily fluid. The Licensed Products only include products that are supplied by an authorized supplier. We do not currently intend to manufacture the Licensed Products in-house.

**COV2 License Agreement** - On June 23, 2020, we entered into a COV2 License Agreement with LSBD. The COV2 License Agreement sets forth our contractual rights and responsibilities relating to the COV2 Products. The "COV2 Products" include: (i) a biosensor strip for antibodies against SARS-

CoV-2; (ii) a proprietary smartphone application for the purpose reading, storing, analyzing and providing patient support programs for any one or more of the indicators for the purpose of measuring the amount or concentration of immunoglobulins (IgG, IgM, IgA) specific to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2); and/or (iii) a dedicated sensor strip reading device for any one or more of the indicators for the purpose of measuring the amount or concentration of immunoglobulins (IgG, IgM, IgA) specific to severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The COV2 Products only include products that are supplied by an authorized supplier.

#### Highlights of Achievements

Our major highlights of achievements through the quarter ended March 31, 2024:

- As of the quarter end March 31, 2024, the Company had cash balance of \$9.40 million after raising approximately \$10.76 million after deducting placement agent fees, closing costs, and other estimated offering expenses payable by the Company, via a warrant inducement transaction and a private placement offering of the Company's securities.
- On February 28, 2024, the Company announced its partnership with Clantha Research to conduct the pharmacokinetic (PK) study as part of its FDA 510(k) clinical studies plan. Initiating the clinical studies plan represents a critical milestone for the organization, and the Company remains on track for its planned product launch in the United States in 2025.
- During the quarter, the Company announced new partnerships with Robinson Brothers, DGP Plc and James Jones & Sons. Continued customer account growth demonstrates the strength of the Company's proprietary fingerprint sweat-based technology in the market. The Company looks to continue this momentum and expand into new customer segments and geographical regions throughout APAC Region, Europe, South America and the United Arab Emirates.
- Subsequent to the quarter end, on April 11, 2024, the Company announced that its wholly owned subsidiary, Intelligent Fingerprinting Limited, had been granted a new European patent with unitary effect for its DSR-Plus Cartridge Reader, bringing the patent into effect in 17 European countries.
- 26 new customer accounts secured throughout the quarter, representing a combined headcount of approximately 16,779 employees.

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#### Results of Operations

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

	Three Months ended March 31,		Nine Months ended March 31,	
	2024	2023	2024	2023
Revenue	\$ 823,800	\$ 457,058	\$ 2,383,957	\$ 813,737
Cost of revenue (exclusive of amortization shown separately below)	(645,311)	(424,009)	(1,773,889)	(536,644)
Gross profit	178,489	33,049	610,068	277,093
Other income:				
Government support income	83,842	117,680	346,917	698,625
Operating expenses:				
Selling, general and administrative expenses	(2,425,830)	(1,898,754)	-6,587,934	(5,594,461)
Development and regulatory approval expenses	(471,313)	(299,898)	-923,712	(380,363)
Depreciation and amortization	(318,923)	(398,986)	-916,796	(797,142)
Goodwill impairment	-	(4,096,490)	-	(4,096,490)
Total operating expenses	(3,216,066)	(6,694,128)	(8,428,442)	(10,868,456)
Loss from operations	(2,953,735)	(6,543,399)	(7,471,457)	(9,892,738)
Other income (expense), net:				
Interest expense	(42,674)	(86,125)	(112,590)	(163,957)
Realized foreign exchange income/(loss)	(996)	7,212	(1,551)	(8,936)
Fair value gain on revaluation of financial instrument	-	269,787	175,738	2,062,878
Interest income	10,640	508	14,288	9,587
Total other income (expense), net	(33,030)	191,382	75,885	1,899,572
Net loss	(2,986,765)	(6,352,017)	(7,395,572)	(7,993,166)
Net loss attributable to non-controlling interest	(9,098)	(8,111)	(23,060)	(20,367)
Net loss attributable to Intelligent Bio Solutions Inc.	\$ (2,977,667)	\$ (6,343,906)	\$ (7,372,512)	\$ (7,972,799)
Other comprehensive income/(loss), net of tax:				
Foreign currency translation gain/(loss)	(144,026)	(77,787)	(86,909)	148,251
Total other comprehensive income/(loss)	(144,026)	(77,787)	(86,909)	148,251
Comprehensive loss	(3,130,791)	(6,429,804)	(7,482,481)	(7,844,915)
Comprehensive loss attributable to non-controlling interest	(9,098)	(8,111)	(23,060)	(20,367)
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	(3,121,693)	(6,421,693)	(7,459,421)	(7,824,548)
Net loss per share, basic and diluted*	\$ (1.43)	\$ (68.67)	\$ (6.64)	\$ (104.04)
Weighted average shares outstanding, basic and diluted*	2,079,864	92,389	1,110,089	76,629

\* Common stock and per share amount have been retroactively adjusted to reflect the decreased number of shares resulting from a 1-for-12 reverse stock split effected on January 26, 2024, and a 1-for-20 reverse stock split effected on February 9, 2023, throughout the condensed consolidated financial statement unless otherwise stated.

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## Revenue

### *Sales of goods*

Revenue from sales of goods increased by \$366,742 from \$457,058 to \$823,800 for the quarter ended March 31, 2024, compared to same period in 2023. This is due to the expansion of the customer base, both in the pre-existing markets and expansion into new regions. We expect this trend to continue as we expand into new markets in the future.

Revenue from sales of goods increased by \$1,570,220 from \$813,737 to \$2,383,957 for the nine months ended March 31, 2024, compared to same period in 2023. This is both due to the acquisition of IFP on October 4, 2022, and the subsequent expansion of the customer base as noted above.

Revenue from the IFPG segment relates to the sale of readers, cartridges and accessories and is summarized as follows:

	Three Months ended March 31,		Nine Months ended March 31,	
	2024	2023	2024	2023
Sales of goods - cartridges	\$ 448,868	\$ 252,682	\$ 1,159,876	\$ 467,043
Sales of goods - readers	227,361	134,366	752,052	237,554
Other sales	147,571	70,010	472,029	109,140
<b>Total revenue</b>	<b>\$ 823,800</b>	<b>\$ 457,058</b>	<b>\$ 2,383,957</b>	<b>\$ 813,737</b>

### *Cost of revenue*

Cost of revenue increased by \$221,302 from \$424,009 to \$645,311 for the quarter ended March 31, 2024, compared to same period in 2023. Cost of revenue relates to the direct labor, direct material costs and direct overhead costs incurred in the production of the goods. This is in line with expectations, as we grow the business and expand into new markets, which will drive revenue growth.

Cost of revenue increased by \$1,237,245 from \$536,644 to \$1,773,889 for the nine months ended March 31, 2024, compared to same period in 2023. The increase in cost of revenue is driven by the increase in revenue, attributable to the acquisition of IFP in October 2022.

### *Gross profit*

Gross profit is primarily attributable to the IFPG segment.

Gross profit increased by \$145,440 from \$33,049 to \$178,489 for the quarter ended March 31, 2024, compared to same period in 2023. This has been driven by increased revenue from acquiring new customers for the IFP product, offset by direct costs in establishing our product in the new market and acquiring new customers. We expect gross profit margin to continue to grow as the business expands its customer base in existing and new markets.

Gross profit increased by \$332,975 from \$277,093 to \$610,068 for the nine months ended March 31, 2024, compared to same period in 2023. This is due to the growth in revenue due to expansion of the customers base, offset by the increased direct costs of establishing our product in new markets and acquiring new customers.

### *Government support income*

Government support income in the IFPG and SGBP segments decreased by \$33,838 from \$117,680 to \$83,842 for the quarter ended March 31, 2024, compared to same period in 2023. This decrease was primarily attributable to timing of amounts spent on qualifying research and development expenditure for research and development government subsidies.

Government support income in the IFPG and SGBP segment decreased by \$351,708 from \$698,625 to \$346,917 for the nine months ended March 31, 2024, compared to same period in 2023. This decrease was primarily attributable to timing of the amounts spent on qualifying research and development expenditure for research and development government subsidies.

The grant support income is primarily attributable to INBS's subsidiary companies recognizing an R&D tax refund as the Company believes that it is probable that the amount will be recovered in full through a future claim (see Note 3 to our consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for further information and disclosures relating R&D tax refund).

## **Operating expenses**

### *Selling, general and administrative expenses*

Selling, general and administrative expenses increased by \$527,076 to \$1,898,754 from \$2,425,830 for the quarter ended March 31, 2024, compared to the same period in 2023. This increase is primarily due to engagement of consultants for marketing, media and investor relationship management, capital raising, professional fees for legal and compliance as the Company continues to expand its business and conduct clinical study as it progresses along its 510(k) pathway.

Selling, general and administrative expenses increased by \$993,473 to \$6,587,934 from \$5,594,461 for the nine months ended March 31, 2024, compared to the same period in 2023. This increase is primarily due to engagement of consultants for marketing, media and investor relationship management, capital raising, professional fees for legal and compliance as the Company continues to expand its business and conduct clinical study as it progresses along its 510(k) pathway.

As the Company's operating activities increase, we expect its general and administrative costs will include additional costs in overhead contribution, consultancy, as well as an increase in employee-related costs associated with a higher headcount. We aim to ensure that our cost efficiency is increased over the same period whilst we streamline the businesses, delivering increased value for investors.

### *Development and regulatory approval expenses*

Development and regulatory approval expenses increased by \$171,415 from \$299,898 to \$471,313 for the quarter ended March 31, 2024, compared to the same period in 2023. This increase is primarily driven by amount spent on in-house research and development staff and timing of R&D work performed by the research partners engaged by the business.

Development and regulatory approval expenses increased by \$543,349 from \$380,363 to \$923,712 for the nine months ended March 31, 2024,

compared to the same period in 2023. This increase is primarily driven by amount spent on in-house research and development staff and timing of R&D work performed by the research partners engaged by the business, as noted above.

As the Company continues its FDA 501(k) clinical study plan, we expect its development and regulatory expenses to increase in future periods, as demonstrated by the results above. *Depreciation and amortization*

Depreciation and amortization decreased by \$80,063 from \$398,986 to \$318,923 for the quarter ended March 31, 2024, compared to same period in 2023. This is due to the re-evaluation of the useful life of the technology assets acquired from IFP on October 4, 2022. The life of the technology assets was increased from 5 years to 7 years on April 1, 2023.

Depreciation and amortization increased by \$119,654 from \$797,142 to \$916,796 for the nine months ended March 31, 2024, compared to same period in 2023. This is mainly due to inclusion of amortization of intangible assets for nine months to March 31, 2024 results as compared to approximately six months to March 31, 2023 upon the acquisition of IFP in October 2022 offset by the revaluation of the useful life of technology assets as noted above.

#### **Other income and expenses**

##### *Interest expense*

Interest expense decreased by \$43,451 from \$86,125 to \$42,674 for the quarter ended March 31, 2024, as compared to the same period in 2023. This decrease was attributable to the conversion of the convertible notes into common shares of the Company in May 2023.

Interest expenses decreased by \$51,367 from \$163,957 to \$112,590 for the nine months ended March 31, 2024, as compared to the same period in 2023. This decrease was attributable to the conversion of the convertible notes into common shares of the Company in May 2023.

##### *Realized foreign exchange loss*

Realized foreign exchange loss increased by \$8,208 to a loss of \$996 from an income of \$7,212 for the quarter ended March 31, 2024, compared to the same period in fiscal 2023. This decrease was largely attributable to less favorable exchange rates while settling transactions in currencies other than its functional currencies.

Realized foreign exchange loss decreased by \$7,385 to a loss of \$1,551 from a loss of \$8,936 for the nine months ended March 31, 2024, compared to the same period in fiscal 2023. This decrease was largely attributable to more favorable exchange rates while settling transactions in currencies other than its functional currencies.

##### *Fair value movements through profit and loss*

The fair value gain decreased by \$269,787 from \$269,787 to \$0 for the quarter ended March 31, 2024, as compared to the same period in 2023. This increase is due to the revaluation gains on the convertible notes and contingent consideration for holdback shares resulting from the acquisition of IFP in the March 2023 quarter. The convertible notes and holdback Series C Preferred Stock shares were converted into common shares in May 2023 and October 2023 respectively.

The fair value gain decreased by \$1,887,140 from \$2,062,878 to \$175,738 for the nine months ended March 31, 2024 as compared to the same period in 2023. This is due to the conversion of convertible notes and holdback shares into common shares of INBS as noted above.

##### *Income tax (expense) benefit*

There was no income tax expense for both the three and nine months ended March 31, 2024, and 2023, respectively, as the Company has established a full valuation allowance for all its deferred tax assets.

#### **Other comprehensive income**

##### *Foreign currency translation gain / (loss)*

Unrealized foreign currency translation loss increased by \$66,239 from \$77,787 to \$144,026 for the quarter ended March 31, 2024, compared to the same period in 2023. It is calculated based on the Company's unsettled transactions in currencies other than its functional currency and translation of Assets and Liabilities of foreign subsidiaries in reporting currency.

Unrealized foreign currency translation gain decreased by \$235,160 from a gain of \$148,251 to a loss of \$86,909 for the quarter ended March 31, 2024, compared to the same period in 2023. It is calculated based on the Company's unsettled transactions in currencies other than its functional currency and translation of Assets and Liabilities of foreign subsidiaries in reporting currency.

##### *Net loss*

Net loss attributable to INBS decreased by \$3,366,239 from \$6,343,906 to \$2,977,667 for the quarter ended March 31, 2024, compared to the same period in 2023. This decrease is primarily driven by impairment of goodwill of \$4,096,490 in the quarter ending March 2023, offset by increase in the selling, general and administrative expenses as discussed above.

Net loss attributable to INBS decreased by \$600,287 from \$7,972,799 to \$7,372,512 for the nine months ended March 31, 2024, compared to the same period in 2023. This decrease is primarily driven by goodwill impairment charges of \$4,096,490 and combined results of operations after the acquisition of IFP offset by a recognition of fair value gain on revaluation of convertible notes and holdback Series C Preferred Stock of \$2,062,878 during the same period in 2023.

#### **Liquidity and Capital Resources**

We use working capital and cash measures to evaluate the performance of our operations and our ability to meet our financial obligations. We define Working Capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under GAAP. This information is intended to provide investors with information about our liquidity. Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Since our inception, our operations have primarily been financed through the issuance of our common stock, redeemable convertible preferred stock, warrants, and the incurrence of debt. As of March 31, 2024, we had \$9,397,523 in cash and cash equivalents and working capital of \$5,814,284.

The Company expects that its cash and cash equivalents as of March 31, 2024, may be insufficient to allow the Company to fund its current operating plan through at least the next twelve months from the issuance of these financial statements. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of at least one year from the date these financial statements are issued. There can be no assurance that, in the event that the Company requires additional financing, such financing may be available on terms which are favorable to us, or at all.

In the event we require additional capital, there can be no assurances that we will be able to raise such capital on acceptable terms, or at all. Failure to generate sufficient revenues or raise additional capital through debt or equity financings, or through collaboration agreements, strategic alliances or marketing and distribution arrangements, could have a material adverse effect on our ability to meet our long-term liquidity needs and achieve our intended long-term business plan. Our failure to obtain such funding when needed could create a negative impact on our stock price or could potentially lead to a reduction in our operations or the failure of our Company. Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern unless it can successfully raise additional capital.

As of March 31, 2024, and June 30, 2023, we did not have any off-balance sheet arrangements.

#### **Extended Transition Period for "Emerging Growth Companies"**

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common stock.

#### **Critical Accounting Estimates**

The preparation of our consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that impact the amounts reported in our consolidated financial statements and accompanying notes that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

A summary of our significant accounting policies is included in Note 3 "Summary of significant accounting policies" to the accompanying unaudited condensed consolidated financial statements. Certain of our accounting policies are considered critical, as these policies require significant, difficult or complex judgments by management, often requiring the use of estimates about the effects of matters that are inherently uncertain. Our critical policies are summarized in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

#### **Recently issued Accounting Pronouncements**

For the impact of recently issued accounting pronouncements on the Company's unaudited condensed consolidated financial statements, see Note 3 to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q and incorporated herein by reference.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Principal Executive Officer and Principal Financial and Accounting Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2024. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were ineffective due to the material weakness in internal control over financial reporting discussed below.

Notwithstanding this conclusion, we believe that our consolidated financial statements and other information contained in this quarterly report on Form 10-Q present fairly, in all material respects, our business, financial condition and results of operations for the periods presented.

In its assessment of the effectiveness of internal control over financial reporting as of March 31, 2024, management identified material weaknesses in control environment, risk assessment, control activities, information and communication and monitoring. Specifically, the material weaknesses identified relate to the fact that the Company has not yet designed and maintained an effective control environment commensurate with its financial reporting requirements, including (a) has not yet completed formally documented policies and procedures with respect to review, supervision and monitoring of the Company's accounting and reporting functions, (b) lack of evidence to support the performance of controls and the adequacy of review procedures, including the completeness and accuracy of information used in the performance of controls and (c) as an emerging growth company we have limited accounting personnel and other supervisory resources necessary to adequately execute the Company's accounting processes and address its internal controls over financial reporting.

## Remediation Plan

Management is committed to continuing the steps necessary to remediate the control deficiencies that constituted the above material weaknesses. Since our initial public offering ("IPO"), which we completed in December 2020, we made the following enhancements to our control environment:

- We added accounting and finance personnel to provide additional individuals to allow for segregation of duties in the preparation and review of schedules, calculations and journal entries that support financial reporting, to provide oversight, structure and reporting lines to provide additional review over our disclosures;
- We enhanced our controls to improve the preparation and review of complex accounting measurements, the application of GAAP to significant accounts and transactions and our financial statement disclosures; and,
- We engage independent experts when complex transactions are entered into;
- We have recruited and plan to recruit additional financial reporting and accounting personnel with adequate knowledge of US GAAP and SEC rules; and
- We are in the process of engaging outside consultants to assist us in our evaluation of the design, implementation and documentation of internal controls that address the relevant risks, to provide appropriate evidence of performance of our internal controls (including completeness and accuracy procedures).

Under the direction of the Audit Committee of our board of directors, management will continue to take measures to remediate the material weaknesses. As such, we will continue to enhance corporate oversight over process-level controls and structures to ensure that there is appropriate assignment of authority, responsibility and accountability to enable remediation of our material weakness.

As we continue to evaluate, and work to improve, our internal control over financial reporting, management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary.

### Changes in Internal Control Over Financial Reporting

Other than the ongoing remediation effort, described above, there have been no changes to the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d 15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Inherent Limitation on the Effectiveness of Internal Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business. We are not currently engaged in any material legal proceedings.

### ITEM 1A. RISK FACTORS.

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on August 23, 2023, except for risks described below. Any of these risk factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

***We may need to raise additional capital to fund our operations in the future. If we are unsuccessful in attracting new capital, we may not be able to continue operations or may be forced to sell assets to do so. Alternatively, capital may not be available to us on favorable terms, if at all. If available, financing terms may lead to significant dilution of our stockholders' equity.***

We are not profitable and have had negative cash flow from operations since our inception. To fund our operations to develop and commercialize our products (including the SGT and planned applications of IFP Drug Screening System), we have relied primarily on equity, debt financing and government support income. The Company believes there is material risk that its cash and cash equivalents as of March 31, 2024, of \$9,397,523, may be insufficient to allow the Company to fund its current operating plan through at least the next twelve months from the issuance of its unaudited condensed consolidated financial statements for the fiscal quarter ended March 31, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of at least one year from the date these unaudited condensed consolidated financial statements are issued. Accordingly, the Company may be required to raise additional funds during the next 12 months. However, there can be no assurance that when the Company requires additional financing, such financing will be available on terms which are favorable to the Company, or at all. If the Company is unable to raise additional funding to meet its working capital needs in the future, it will be forced to delay or reduce the scope of its research programs and/or limit or cease its operations. In addition, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

To obtain the additional capital necessary to fund our operations, we expect to finance our cash needs through public or private equity offerings, debt financing and/or other capital sources. Even if capital is available, it might be available only on unfavorable terms. Any additional equity or convertible debt financing into which we enter could be dilutive to our existing stockholders. Any future debt financing into which we enter may impose covenants upon us that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, we may need to relinquish rights to our technologies or our products or grant licenses on terms that are not favorable to us. If access to sufficient capital is not available as and when needed, our business will be materially impaired and we may be required to cease operations, curtail one or more product development or commercialization programs, scale back or eliminate the development of business opportunities, or significantly reduce expenses, sell assets, seek a merger or joint venture partner, file for protection from creditors or liquidate all of our assets. Any of these factors could harm our operating results.



***We have identified material weaknesses in our internal control over financial reporting. If our remediation of the material weaknesses is not effective, or if we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.***

In connection with the preparation of our financial statements for the quarter ended March 31, 2024, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weaknesses related to the fact that the Company has not yet designed and maintained an effective control environment commensurate with its financial reporting requirements, including (a) that the Company had not yet completed the formally documented policies and procedures with respect to the review, supervision and monitoring of the Company's accounting and reporting functions, (b) the lack of evidence to support the performance of controls and the adequacy of review procedures, including the completeness and accuracy of information used in the performance of controls and (c) as an emerging growth company we currently have limited accounting personnel and other supervisory resources necessary to adequately execute the Company's accounting processes and address its internal controls over financial reporting.

We have implemented and are in the process of implementing measures designed to improve our internal control over financial reporting to remediate these material weaknesses, including the hiring of additional qualified accounting and finance personnel, enhancing our controls to improve the preparation and review of complex accounting measurements and the application of GAAP, and engaging independent experts and outside consultants.

We cannot assure you that the measures we have taken and that we intend to take will be sufficient to remediate the material weaknesses we have identified or avoid potential future material weaknesses. While we believe that our efforts will enhance our internal control, remediation of the material weaknesses will require further validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles, and we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses.

***The sale of a substantial number of shares of our common stock and other securities convertible into or exercisable for our common stock, such as those securities sold in the October 2023 Offering, the Warrant Inducement Transaction and March 2024 Offerings, could depress the market price of our shares of common stock and impair our ability to raise capital through the sale of additional equity securities.***

The sale of a substantial number of shares of our common stock and other securities convertible into or exercisable for our common stock, such as those securities sold in the October 2023 Offering, the Warrant Inducement Transaction, and the March 2024 Offering could depress the market price of our shares of common stock and impair our ability to raise capital through the sale of additional equity securities. In addition to causing the market price of our common stock to decline, such sales could also greatly increase the volatility associated with the trading of our common stock. Furthermore, stockholders may initiate securities class action lawsuits if the market price of our common stock drops significantly, which may cause us to incur substantial costs and could divert the time and attention of our management. We cannot predict the number of these shares or warrants that might be sold nor the effect that future sales of our shares of our securities would have on the market price of our shares of common stock. See Note 10, Shareholders' Equity for further details of the October 2023 Offering, the Warrant Inducement Transaction, and the March 2024 Offering.

***We may not be able to satisfy the continued listing requirements of the Nasdaq Capital Market in order to maintain the listing of our common stock.***

#### *Minimum Bid Price Requirement*

On November 16, 2023 the Company received a letter (the Bid Price Notice) from the Listing Qualifications Department of Nasdaq notifying the Company that the minimum closing bid price per share for its common stock was below \$1.00 for 30 consecutive business days preceding the date of the Bid Price Notice, and that the Company did not meet the \$1.00 per share minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2).

At our annual meeting of stockholders held on December 13, 2023, the stockholders of the Company approved an amendment to the Company's amended and restated certificate of incorporation (the "January Amendment") to effect the reverse stock split at a ratio of not less than 1-for-2 and not more than 1-for-12 at any time within 12 months following the date of stockholder approval, with the exact ratio to be set within this range by the Company's Board at its sole discretion without further approval or authorization of our stockholders. The primary purpose of the reverse stock split was to increase the per share market price of our common stock.

Pursuant to the authority granted by the Company's stockholders, the Board approved a 1-for-12 reverse stock split of the Company's common stock and the filing of the January Amendment to effectuate the reverse stock split. The Amendment was filed with the Secretary of State of the State of Delaware and the January 2024 Reverse Stock Split became effective at 5:00 p.m. Eastern Time on January 26, 2024, and the Company's common stock began trading on a reverse stock split-adjusted basis on the Nasdaq Capital Market on January 29, 2024.

Although the January 2024 Reverse Stock Split brought the price of our common stock back above \$1.00 per share in order to meet the requirements for the continued listing of our common stock on the Nasdaq Capital Market, there can be no assurance that the closing bid price of our common stock will remain at or above \$1.00 following the January 2024 Reverse Stock Split. If we fail to satisfy any of Nasdaq's continued listing requirements, Nasdaq may take steps to delist our common stock, which could have a materially adverse effect on our ability to raise additional funds as well as the price and liquidity of our common stock.

#### *Stockholders' Equity Requirement*

On November 16, 2023, the Company received a letter from Nasdaq (the "Stockholder Equity Letter"), regarding its non-compliance with the minimum stockholders' equity requirement for continued listing on the Nasdaq Capital Market. The letter notified the Company that its stockholders' equity, reported at \$1,236,558 in the Quarterly Report on Form 10-Q for the period ending September 30, 2023, did not meet the Nasdaq Capital Market's minimum stockholders' equity requirement of \$2,500,000 for continued listing as per Nasdaq Listing Rule 5550(b)(1) (the "Stockholders' Equity Requirement"). Nasdaq gave the Company until January 2, 2024, to submit a plan to regain compliance with the minimum stockholders' equity requirement under Nasdaq Listing Rule 5550(b)(1).

On December 15, 2023, the Company submitted a compliance plan to Nasdaq that included a pro forma balance sheet as of October 31, 2023 (the "Balance Sheet"). The Balance Sheet showed that the Company's stockholders' equity as of October 31, 2023, was \$4,240,629, which was primarily the result of the of a public offering of the Company's securities that closed on October 4, 2023. The Balance Sheet was also attached to a Current Report on Form 8-K filed by the Company on December 18, 2023 (the "December 8-K").

On January 2, 2024, the Company received a letter from Nasdaq (the January Letter) stating that based on the December 8-K, the Staff had determined that the Company complies with the Listing Rule 5550(b)(1), but that if the Company failed to evidence compliance upon filing its Form 10-Q for the period ended December 31, 2023, the Company may be subject to delisting. The January Letter also noted, as did the Stockholder Equity Letter, that as of November 15, 2023, the Company did not meet either alternative to the Stockholders' Equity Requirement, which alternatives require either a \$35 million market value of listed securities or \$500,000 of net income from continuing operations, as set forth in Listing Rules 5550(b)(2) or 5550(b)(3),

respectively.

On February 13, 2024, Nasdaq confirmed that upon filing of the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2023, the Company had for that period evidenced compliance with Nasdaq Listing Rule 5550(b)(1), the Stockholders' Equity Requirement; and that the condition to remain in compliance with the Stockholders' Equity Requirement was met, as per Nasdaq's compliance determination of in the January Letter.

Although Nasdaq confirmed that Company had for the period ended December 31, 2023, evidenced compliance with the Stockholders' Equity Requirement, there can be no assurance that the Company will continue to have a minimum stockholders' equity of \$2,500,000 and satisfy Nasdaq's requirements for continued listing under Nasdaq Listing Rule 5550(b)(1), the Stockholders' Equity Requirement. If we fail to satisfy any of Nasdaq's continued listing requirements, Nasdaq may take steps to delist our common stock, which could have a materially adverse effect on our ability to raise additional funds as well as the price and liquidity of our common stock.

***We understand that the External Administrator of LSB D (the Licensor of our SGT and COV2T products), pursuant to a creditors meeting held on July 21, 2023, sent notice to the creditors on July 24, 2023, stating that LSB D has appointed a liquidator on July 21, 2023. Our understanding is that the ownership of the intellectual property rights licensed by us reverts to the University of Newcastle. Accordingly, the Company plans to discuss the future licensing of SGT products with the University of Newcastle. There is an inherent risk related to the possibility of modifications to our rights to, or the Company's ability to use, the Licensed Products, which could materially and adversely affect the Company's business, financial condition, and operating results.***

We are party to the SGT License Agreement with LSB D, pursuant to which, among other things, the Company licenses certain products from LSB D, and has a 50% interest in BiosensX (North America) Inc. which has exclusive license to use, make, sell and offer to sell products under the intellectual property rights in connection with the Biosensor technology and the glucose/diabetes management field in the United States, Mexico and Canada. According to the Australian Securities and Investment Commission's (ASIC's), Companies and Organizations Register, on May 10, 2022, LSB D filed a Notice of Appointment of External Administrator, followed by a filing of a Deed of Company Arrangement on the August 2, 2022.

We understand that the External Administrator of LSB D (the Licensor of our SGT and COV2T products), pursuant to a creditors meeting held on July 21, 2023, sent notice to the creditors on July 24, 2023, stating that LSB D has appointed a liquidator on July 21, 2023. Our understanding is that the ownership of the intellectual property rights licensed by us reverts to the University of Newcastle. Accordingly, the Company plans to discuss the future licensing of the SGT products with the University of Newcastle. There is no timeline established yet in relation to this. There is an inherent risk related to the possibility of modifications to our rights to, or the Company's ability to use, the Licensed Products, which could materially and adversely affect the Company's business, financial condition, and operating results.

***If we are unable to achieve certain agreed milestones for the government grant we received, we may become liable to refund the grant we received. The Company has only completed 4 of the 8 agreed milestones set forth in the Company's grant agreement with the Australian Government.***

Subsequent to the quarter ended March 31, 2024, on April 16, 2024 the Australian Government Department of Industry, Science and Resources provided an extension to complete the project by March 28, 2025 with certain modification in project costs. If we are unable to achieve the agreed milestones by the extended date, we may become liable to refund the grant we received.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Except as previously reported in our Current Reports on Form 8-K filed with the SEC during the three months ended March 31, 2024, there were no unregistered sales of equity securities by us during the three months ended March 31, 2024.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

## **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

## **ITEM 5. OTHER INFORMATION.**

During the period covered by this Quarterly Report on Form 10-Q, none of the Company's directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

## **ITEM 6. EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
3.1	<a href="#"><u>Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on January 26, 2024).</u></a>
4.1	<a href="#"><u>Form of Series H-1 Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
4.2	<a href="#"><u>Form of Series H-2 Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
4.3	<a href="#"><u>Form of Series I Pre-Funded Warrant (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
4.4	<a href="#"><u>Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
4.5	<a href="#"><u>Form of Series G Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on February 7, 2024).</u></a>
4.6	<a href="#"><u>Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on February 7, 2024).</u></a>

10.1	<a href="#"><u>Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
10.2	<a href="#"><u>Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
10.3	<a href="#"><u>Placement Agency Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on March 13, 2024).</u></a>
10.4*	<a href="#"><u>Consulting Agreement, dated February 29, 2024, by and between C2C Advisors Inc. and Intelligent Bio Solutions Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 1, 2024).</u></a>
10.5	<a href="#"><u>Form of 2024 Warrant Inducement Agreement (Series E Warrants) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 7, 2024).</u></a>
31.1#	<a href="#"><u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2#	<a href="#"><u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1#	<a href="#"><u>Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2#	<a href="#"><u>Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
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 (formatted in XBRL and included in Exhibit 101).

# Filed herewith.

\* Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(a)(5) and Item 601(a)(6). Intelligent Bio Solutions Inc. hereby agrees to furnish a supplemental copy of any omitted exhibits, schedules or other similar attachments to the U.S. Securities and Exchange Commission upon request.

### SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### Intelligent Bio Solutions Inc.

Date: May 8, 2024

By: /s/ Harry Simeonidis  
HARRY SIMEONIDIS  
CHIEF EXECUTIVE OFFICER AND PRESIDENT  
(Principal Executive Officer)

Date: May 8, 2024

By: /s/ Spiro Sakiris  
SPIRO SAKIRIS  
CHIEF FINANCIAL OFFICER  
(Principal Financial Officer)

OFFICER'S CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, *Harry Simeonidis*, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Intelligent Bio Solutions 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 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(s) 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(s) 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.

May 8, 2024

/s/ Harry Simeonidis

Harry Simeonidis, Chief Executive Officer and President  
(Principal Executive Officer)

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OFFICER'S CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Spiro Sakiris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Intelligent Bio Solutions 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 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(s) 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(s) 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.

May 8, 2024

/s/ Spiro Sakiris

Spiro Sakiris, Chief Financial Officer  
(Principal Financial and Accounting Officer)

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CERTIFICATION 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 for the quarter ended March 31, 2024, of Intelligent Bio Solutions Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harry Simeonidis, the Chief Executive Officer and President of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C 78m or 78o(d)); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 8, 2024

/s/ Harry Simeonidis

Harry Simeonidis  
Chief Executive Officer and President  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Intelligent Bio Solutions Inc. and will be retained by Intelligent Bio Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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CERTIFICATION 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 for the quarter ended March 31, 2024, of Intelligent Bio Solutions Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Spiro Sakiris, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C 78m or 78o(d)); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 8, 2024

/s/ Spiro Sakiris

Spiro Sakiris  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Intelligent Bio Solutions Inc. and will be retained by Intelligent Bio Solutions Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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