

**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, 2023**

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, 57th Street, 11th 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 8, 2023, there were 1,732,567 shares of the registrant's Common Stock issued and outstanding.

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PART I. FINANCIAL INFORMATION
Intelligent Bio Solutions Inc.
Condensed Consolidated Balance Sheets

	March 31, 2023 (Unaudited)	June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,280,544	\$ 8,238,301
Accounts receivable, net	296,049	-
Inventories	736,221	-
Grant receivable, current portion	-	1,529,882
Research and development tax incentive receivable	578,456	353,048
Other current assets	531,824	746,761
Total current assets	4,423,094	10,867,992
Property and equipment, net	478,120	391,408
Finance lease right-of-use assets	472,253	-
Goodwill	-	-
Intangible assets, net	5,295,234	-
Long-term grant receivable	-	1,092,773
TOTAL ASSETS	\$ 10,668,701	\$ 12,352,173
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,598,831	\$ 1,625,089
Current portion of finance lease liabilities	174,215	-
Current portion of deferred grant income	1,093,157	2,836,582
Current employee benefit liabilities	334,227	201,332
Current portion of notes payable	335,528	-
Total current liabilities	3,535,958	4,663,003
Employee benefit liabilities	24,939	50,626
Finance lease liabilities	320,725	-
Long-term deferred grant income	-	1,092,773
Notes payable	470,872	-
Convertible notes payable	389,361	-
Total liabilities	4,741,855	5,806,402
Commitments and contingencies (Note 18)		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized:		
Series C preferred stock, 4,012,276 shares designated, 2,363,003 and 0 shares issued and outstanding at March 31, 2023 and June 30, 2022, respectively	23,630	-
Series D preferred stock, 500,000 shares designated, 176,462 and 0 shares issued and outstanding at March 31, 2023 and June 30, 2022, respectively	1,765	-
Common stock, \$0.01 par value, 100,000,000 shares authorized, 1,685,467 and 744,496 shares issued and outstanding at March 31, 2023 and June 30, 2022, respectively	16,855	7,445
Treasury stock, at cost, 1,386 and 0 shares as of March 31, 2023 and June 30, 2022, respectively	(14)	-
Additional paid-in capital	45,772,664	38,581,465
Accumulated deficit	(39,148,652)	(31,175,853)
Accumulated other comprehensive loss	(639,884)	(788,135)
Total consolidated Intelligent Bio Solutions Inc. equity	6,026,364	6,624,922
Non-controlling interest	(99,518)	(79,151)
Total shareholders' equity	5,926,846	6,545,771
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 10,668,701	\$ 12,352,173

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

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Revenue	\$ 457,058	\$ -	\$ 813,737	\$ -
Cost of revenue	(424,009)	-	(536,644)	-
Gross profit	<u>33,049</u>	<u>-</u>	<u>277,093</u>	<u>-</u>
Other income:				
Government support income	117,680	192,500	698,625	370,291
Operating expenses:				
Selling, general and administrative expenses	(1,898,754)	(1,122,004)	(5,594,461)	(3,457,768)
Development and regulatory approval expenses	(299,898)	(413,325)	(380,363)	(3,161,306)
Depreciation and amortization	(398,986)	-	(797,142)	-
Goodwill impairment	(4,096,490)	-	(4,096,490)	-
Total operating expenses	<u>(6,694,128)</u>	<u>(1,535,329)</u>	<u>(10,868,456)</u>	<u>(6,619,074)</u>
Loss from operations	(6,543,399)	(1,342,829)	(9,892,738)	(6,248,783)
Other income (expense):				
Interest expense	(86,125)	(4,217)	(163,957)	(4,892)
Realized foreign exchange income (loss)	7,212	10	(8,936)	(3,094)
Fair value movements through profit and loss	269,787	-	2,062,878	-
Interest income	508	2,903	9,587	10,973
Total other income (expense)	<u>191,382</u>	<u>(1,304)</u>	<u>1,899,572</u>	<u>2,987</u>
Loss before income taxes	(6,352,017)	(1,344,133)	(7,993,166)	(6,245,796)
Income taxes	-	-	-	-
Net loss	(6,352,017)	(1,344,133)	(7,993,166)	(6,245,796)
Net loss attributable to non-controlling interest	(8,111)	(8,887)	(20,367)	(17,900)
Net loss attributable to Intelligent Bio Solutions Inc.	<u>\$ (6,343,906)</u>	<u>\$ (1,335,246)</u>	<u>\$ (7,972,799)</u>	<u>\$ (6,227,896)</u>
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) income	\$ (77,787)	\$ 2,793	\$ 148,251	\$ (57,334)
Total other comprehensive (loss) income	<u>(77,787)</u>	<u>2,793</u>	<u>148,251</u>	<u>(57,334)</u>
Comprehensive loss	(6,429,804)	(1,341,340)	(7,844,915)	(6,303,130)
Comprehensive loss attributable to non-controlling interest	(8,111)	(8,887)	(20,367)	(17,900)
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	<u>\$ (6,421,693)</u>	<u>\$ (1,332,453)</u>	<u>\$ (7,824,548)</u>	<u>\$ (6,285,230)</u>
Net loss per share, basic and diluted	\$ (5.72)	\$ (1.79)	\$ (8.67)	\$ (8.54)
Weighted average shares outstanding, basic and diluted	1,108,672	744,495	919,545	729,533

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

common shares												
Conversion of convertible preferred shares into common shares	(1,300,000)	(13,000)	65,000	650	-	-	12,350	-	-	-	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(67,482)	-	(67,482)	-
Net loss	-	-	-	-	-	-	-	(1,432,652)	-	(5,188)	(1,437,840)	-
Balance, September 30, 2021	- \$	-	744,126	\$ 7,441	- \$	-	\$38,581,469	\$(24,302,455)	\$ (728,742)	\$ (56,414)	\$ 13,501,299	
Foreign currency translation income	-	-	-	-	-	-	-	-	7,355	-	7,355	-
Net loss	-	-	-	-	-	-	-	(3,459,998)	-	(3,825)	(3,463,823)	-
Balance, December 31, 2021	- \$	-	744,126	\$ 7,441	- \$	-	\$38,581,469	\$(27,762,453)	\$ (721,387)	\$ (60,239)	\$ 10,044,831	
Series B warrants exercised to purchase common shares	-	-	369	4	-	-	(4)	-	-	-	-	-
Foreign currency translation income	-	-	-	-	-	-	-	-	2,793	-	2,793	-
Net loss	-	-	-	-	-	-	-	(1,335,246)	-	(8,887)	(1,344,133)	-
Balance, March 31, 2022	- \$	-	744,495	\$ 7,445	- \$	-	\$38,581,465	\$(29,097,699)	\$ (718,594)	\$ (69,126)	\$ 8,703,491	

*Include adjustments for effect of reverse stock split

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

Intelligent Bio Solutions Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (7,993,166)	\$ (6,245,796)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	702,487	-
Depreciation on leased assets	94,171	-
Non-cash loss on foreign currency translation, net	8,936	3,094
Provision for inventory write-off	186,834	-
Goodwill impairment	4,096,490	-
Share-based compensation	260,000	-
Non-cash research and development charge	-	2,600,000
Non-cash refund of R&D expenditure claims	(125,128)	(177,035)
Fair value gain on revaluation of convertible notes	(1,455,078)	-
Fair value gain on revaluation of holdback Series C Preferred Stock	(607,800)	-
Non-cash other operating activities	-	(121,254)
Changes in operating assets and liabilities:		
Accounts receivable	(296,049)	-
Inventories	(74,866)	-
Grant receivable/deferred grant income	(213,543)	1,828,891
Research and development tax incentive receivable	(225,408)	843,857
Other current assets	(187,273)	146,854
Accounts and other payables	(937,960)	(514,896)
Accounts payable - related party	-	(13,323)
Other long-term liabilities	(25,687)	14,779
Net cash used in operating activities	(6,793,040)	(1,634,829)
Cash flows from investing activities:		
Cash acquired from business acquisition	174,481	-
Cash payment for business acquisition	(181,750)	-
Amount invested on capital work in progress	(505,123)	(177,208)
Net cash used in investing activities	(512,392)	(177,208)
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants	2,554,463	-
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)	-
Net cash provided by financing activities	1,389,213	-
Effect of foreign exchange rates on cash and cash equivalents	(41,538)	(5,559)
Decrease in cash and cash equivalents	(5,957,757)	(1,817,596)
Cash and cash equivalents, beginning of period	8,238,301	12,573,685
Cash and cash equivalents, end of period	<u>\$ 2,280,544</u>	<u>\$ 10,756,089</u>
Non-cash investing and financing activities		
Shares issued for business acquisition	\$ 5,530,667	\$ -
Note receivable settled for business acquisition	504,938	-
Deferred consideration payable for business acquisition	399,250	-
Equity issuance costs in accounts payable and accrued expenses	54,187	-
Conversion of preferred shares into common shares	-	13,000

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. (“INBS”) (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”). The Glucose Biosensor System (Japan) Pty Ltd and Glucose Biosensor System (APAC) Pty Ltd, were deregistered on January 6, 2023, and June 9, 2022, respectively. INBS and its subsidiaries (collectively, “we,” “us,” “our,” “INBS” or the “Company,” unless context requires or indicates otherwise) were formed to provide a non-invasive, pain free innovative medical devices and screening devices. Our headquarters are in New York, New York.

We are a medical technology company delivering intelligent, rapid, non-invasive testing solutions for patients and their primary health practitioners at point of care. We operate globally with an objective to deliver intelligent pain free diagnostic tests.

Our current product portfolio includes:

- A proprietary portable drug screening system that works by analyzing fingerprint sweat using a one-time cartridge and portable handheld reader. The system comprises of commercially available non-invasive sweat-based fingerprint diagnostics testing products (the “IFP products”) that currently detect opioids, cocaine, methamphetamines, benzodiazepines, cannabis, methadone, buprenorphine, and amphetamine. Customers include safety-critical industries such as construction, transportation and logistics firms, along with drug treatment organizations in the rehabilitation sector, and judicial organizations.
- A development stage range of biosensor based Point of Care diagnostic tests (“POCT”) that are developed in the modalities of clinical chemistry, immunology, tumor markers, allergens, and endocrinology. Our flagship product candidate is the Saliva Glucose Biosensor (“SGB”), a POCT expected to substitute the finger pricking invasive blood glucose monitoring for diabetic patients. These tests stem from the Biosensor Platform that we license, across the Asia Pacific Region from Life Science Biosensor Diagnostics Pty Ltd (“LSBD” or “the Licensor”). The Biosensor Platform is capable of detecting multiple biological analytes by substituting the GOX enzyme with a suitable alternative for each analyte.

Reverse Stock Split

At the annual meeting of the Company’s stockholders held on February 8, 2023 (the “Annual Meeting”), the stockholders of the Company approved an amendment to the Company’s amended and restated certificate of incorporation (the “Amendment”) to effect a reverse stock split at a ratio of not less than 1-for-2 and not more than 1-for-35 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 of Directors (the “Board”) at its sole discretion without further approval or authorization of our stockholders. Pursuant to such authority granted by the Company’s stockholders, on February 8, 2023, the Board approved a 1-for-20 reverse stock split (the “Reverse Stock Split”) of the Company’s common stock and the filing of the Amendment to effectuate the Reverse Stock Split.

On February 9, 2023, the Company filed the Amendment in order to effect 1-for-20 reverse stock split of the Company’s common stock. The Reverse Stock Split was effective at 4:05 p.m., Eastern Time, on February 9, 2023, at which time every twenty shares of the Company’s issued and outstanding common stock were automatically combined into one issued and outstanding share of common stock. No fractional shares were issued as a result of the Reverse Stock Split. Stockholders of record who were otherwise entitled to receive a fractional share instead received one whole share in lieu of a fractional share. The par value of the Company’s common stock and the number of authorized shares of the common stock were not affected by the Reverse Stock Split. The Company’s common stock began trading on a Reverse Stock Split-adjusted basis on The Nasdaq Capital Market at the open of the markets on February 10, 2023. The Reverse Stock Split was 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.

As a result of the Reverse Stock Split, the number of shares of common stock outstanding was reduced from approximately 18,325,289 shares (excluding treasury shares) as of February 8, 2023, to approximately 916,265 shares (excluding treasury shares, and subject to the rounding up of fractional shares), and the number of authorized shares of common stock remained at 100 million shares. In order reflect the Reverse Stock Split, proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise or vesting of all outstanding stock options, restricted stock unit awards and warrants (including the Series D Warrants, Winx Warrants and March Warrants (each as defined below)), which resulted in a proportional decrease in the number of shares of the Company’s common stock reserved for issuance upon exercise or vesting of such stock options, restricted stock unit awards and warrants, and, in the case of stock options and warrants, a proportional increase in the exercise price of all such stock options and warrants. In addition, the number of shares of common stock issuable upon conversion of the Company’s Series C Preferred Stock and Series D Preferred Stock, as well as any applicable conversion ratios and terms, were also adjusted in proportion to the reverse split ratio of the Reverse Stock Split (subject to adjustment for fractional interests).

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 the 1-for-20 Reverse Stock Split for all prior periods presented; and all amounts relating to our common stock in connection with the conversion or exercise of our preferred stock and warrants (including with regard to conversion prices and exercise prices) have been adjusted to reflect the 1-for-20 Reverse Stock Split.

NOTE 2. LIQUIDITY

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 205-40, *Presentation of Financial Statements - Going Concern* (ASC 205-40) requires management to assess an entity’s ability to continue as a going concern within one year of the date of the financial statements are issued. In each reporting period, including interim periods, an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued.

On March 8, 2023, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with Ladenburg Thalmann & Co. Inc., as representative (the “Representative”) of the underwriters named therein (collectively, the “Underwriters”), relating to an underwritten public offering (the “March 2023 Offering”) of shares of the Company’s Common Stock (the “March Shares”) and warrants to purchase shares of Common Stock (the “March Warrants”). Each of the March Shares was sold in combination with an accompanying one-third Warrant. The combined purchase price for each March Share and accompanying March Warrant was \$3.90 and the Underwriters agreed to purchase 569,560 March Shares and March Warrants to purchase 170,868 shares of common stock. On March 9, 2023, the Representative fully exercised an over-allotment option under the Underwriting Agreement and purchased an additional 85,430 March Shares and additional March Warrants to purchase 25,629 shares of Common Stock. The March 2023 Offering closed on March 10, 2023.

The March 2023 Offering was made pursuant to an effective shelf registration statement on Form S-3, which was filed with the SEC on April 8, 2022. The gross proceeds, before deducting underwriting discounts and commissions and other March 2023 Offering expenses, was approximately \$2.55 million. As part of the Representative’s compensation, the Company issued to the Representative unregistered warrants (the “Representative’s Warrants”) to purchase 32,750 shares of common stock, which warrants have an exercise price of \$4.875 per share (125% of the public offering price per share and accompanying warrant) and will terminate on March 8, 2028. The March Warrants have, (i) an exercise price of \$3.90 per share of Common Stock, (ii) a cashless exercise option for a net number of shares of Common Stock determined according to the formula set forth in the March Warrant or (iii) an alternate cashless exercise option (beginning on or after the initial exercise date), to receive an aggregate number of shares of Common Stock equal to the product of (x) the aggregate number of shares of Common Stock that would be issuable upon a cash exercise and (y) 1.00. Each whole March Warrant entitles the holder thereof to purchase 1 share of Common Stock. The March Warrants are exercisable upon issuance and will expire on March 10, 2028. The exercise price and the number of shares of Common Stock issuable upon exercise of the March Warrants is subject to appropriate adjustments in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Common Stock.

On December 21, 2022, the Company entered into a Securities Purchase Agreement (the “December 2022 Purchase Agreement”) with 14 investors (the “Series D Investors”), pursuant to which the Company agreed to issue and sell to the Series D Investors in a Regulation S private placement (the “December 2022 Private Placement”) (i) 176,462 shares of the Company’s Series D Convertible Preferred Stock, par value \$0.01 per share (the “Series D Preferred Stock”), with each share of Series D Preferred Stock convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events); and (ii) 529,386 warrants (the “Series D Warrants”), with each Series D Warrants representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). An additional 26,469 warrants to purchase shares of common stock were issued to Winx Capital Pty Ltd., the placement agent for the December 2022 Private Placement (the “Winx Warrants”), with each Winx Warrant representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). The Series D Warrants have an exercise price of \$5.80 per share (subject to adjustment) and expire June 22, 2028. The Winx Warrants have an exercise price of \$10.40 per share (subject to adjustment) and expire five years following the effective date of a registration statement covering the resale of common stock underlying the Series D Preferred Stock acquired by the Series D Investors. The Series D Preferred Stock and Series D Warrants were sold together as a unit (“Unit”), with each Unit consisting of one share of Series D Preferred Stock and three Series D Warrants. The purchase price for the Units was \$1.25 per Unit. The Unit offering price and the Series D Warrants exercise price were priced above the Nasdaq “Minimum Price” as that term is defined in Nasdaq Rule 5635(d)(1). The shares of Series D Preferred Stock are convertible into an aggregate of 26,464 shares of Common Stock following shareholder approval of such conversion and without the payment of additional consideration. The Series D Warrants are exercisable for an aggregate of 26,478 shares of Common Stock and the Winx Warrants are exercisable for an aggregate of 1,324 shares of Common Stock. The December 2022 Private Placement closed on December 22, 2022. See Note 21 for information and disclosures relating to the conversion of the Series D Preferred Stock.

The Company is an emerging growth company and has not generated sufficient revenues to date. As such, the Company is generally subject to the risks associated with emerging growth companies. Since inception, the Company has incurred losses and negative cash flows from operating activities. The Company does not expect to generate positive cash flows from operating activities in the near future until such time, if at all, the Company completes the development process of its products, including regulatory approvals, and thereafter, begins to commercialize and achieve substantial acceptance in the marketplace for the first of a series of products in its medical device portfolio.

The Company incurred a net loss of \$6,343,906 and \$7,972,799 for the three and nine months ended March 31, 2023, respectively (net loss of \$1,335,246 and \$6,227,896 for the three and nine months ended March 31, 2022). As of March 31, 2023, the Company has shareholders’ equity of \$5,926,846, working capital of \$887,136, and an accumulated deficit of \$39,148,652.

In the near future, the Company anticipates incurring operating losses and does not expect to generate positive cash flows from operating activities and may continue to incur operating losses until it completes the development of its products and seek regulatory approvals to market such products.

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 condensed consolidated financial statements. The Company expects that its cash and cash equivalents as of March 31, 2023, of \$2,280,544, will 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. Accordingly, the Company will be required to raise additional funds during the next 12 months. The Company is currently evaluating raising additional funds through private placements and/or public equity financing. However, there can be no assurance that, in the event that 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 entity 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 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, 2023, are not necessarily indicative of the results that may be expected for the year ending June 30, 2023. 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 year ended June 30, 2022, which was filed with the U.S. Securities and Exchange Commission (the “SEC”) on September 22, 2022 and amended on Form 10-K/A filed with the SEC on October 7, 2022, and March 6, 2023 (as amended, the “2022 Form 10-K”).

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.

Out-of-period Reclassification within Consolidated Statements of Operations and Other Comprehensive Loss

The Company previously included \$123,800 of labor costs in selling and administrative expenses within the condensed consolidated statement of operations and other comprehensive loss for the six-month period ended December 31, 2022. These costs have been reclassified as cost of revenue during the three-month period ended March 31, 2023, as an out of period adjustment. The Company evaluated this inconsistency and the impact to previously issued interim financial statements and concluded that the adjustments and the impact of this classification inconsistency is not material to any previously issued quarterly financial statements. To improve the consistency and comparability of the financial statements, management has recorded an out-of-period adjustment during the three months period ended March 31, 2023. This reclassification adjustment did not have any impact on loss from operations, net income, and earnings per common share.

Equity offering costs

The Company complies with the requirements of 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 values 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 the 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 expense in the consolidated statements of operations.

Revenue recognition

Revenue from contracts with customers is recognized when, or as, the Company 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 that good or service deliverable.

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. Accordingly, the Company has determined the following reporting segments (Refer to Note 4, Segment Information):

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

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, 2023. There were no revenues during the three and nine months ended March 31, 2022.

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,		
	2023	2022	2023	2022	2021
Sales of goods - cartridges	\$ 252,682	\$ —	\$ 467,043	\$ —	\$ —
Sales of goods - readers	134,366	—	237,554	—	—
Other sales	70,010	—	109,140	—	—
Total revenue	<u>\$ 457,058</u>	<u>\$ —</u>	<u>\$ 813,737</u>	<u>\$ —</u>	<u>\$ —</u>

Other income

The other income mainly comprised of grant income and 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. 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 20 (“IAS 20”), Accounting for Government Grants and Disclosure of Government Assistance by analogy when accounting for the Australian Government grant to the Company.

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 deducting the grant proceeds received from the gross costs of the assets or construction in progress (“CIP”) and the deferred grant income liability.

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 grant receivable was reduced by \$2.1 million for payments received during the year ended June 30, 2022 (no payments were received during the three or nine months ended March 31, 2023). The project has been delayed due to global shortages of semiconductors that are used in manufacturing equipment and global supply chain disruption due to covid in the preceding year. The Company has only completed 4 of the 8 milestones in the grant agreement. As of March 31, 2023, there is uncertainty regarding the potential extension of the grant agreement past its original end of March 28, 2024. Therefore, management concluded that there is no reasonable assurance that the grant receivable recognized will be received.

Accordingly, during the three months ended March 31, 2023, the Company reversed \$2.5 million of the grant receivable and corresponding \$2.5 million of the deferred income liability in accordance with IAS 20.

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 in 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 \$26,576 and \$125,128 deferred grant income was recognized within other income during the three and nine months ended March 31, 2023, respectively. Deferred grant income recognized within other income during the three and nine months ended March 31, 2022, was \$147,865 and \$179,264, 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 \$91,104 and \$573,497 of R&D tax refund income was recognized in other income during the three and nine months ended March 31, 2023, respectively. R&D tax refund income was \$35,206 and \$181,598 during the three and nine months ended March 31, 2022, respectively.

Development and regulatory approval expenses

Expenditures relating to research and development (“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.

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. 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. Foreign currency movements resulted in a gain of \$2,793 and a loss of \$57,334 for the three and nine months ended March 31, 2022, respectively.

Income taxes

In accordance with the provisions of FASB 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, 2023, the Company had no uncertain tax positions that qualified for either recognition or disclosure in the consolidated financial statements. Additionally, the Company had no interest and penalties related to income taxes.

Licensing rights

During the first quarter of the fiscal year ended June 30, 2020, the Company purchased the license right procurement assets from LSBSD for an amount of \$976,308 in relation to the development and approval process for the Glucose Biosensor Technology in the Asia-Pacific (APAC) region. The Company recorded the license at the historical carrying value in the books of LSBSD which was \$nil and recorded the amount paid as a deemed dividend. The Company has agreed to pay royalties of sales & milestones payments as defined.

On September 12, 2019, the Company entered into an amended and restated license agreement for Saliva Biosensor Technology. On June 23, 2020, the Company entered into a license agreement with LSBSD for the worldwide rights to SARS-CoV-2 application of the Saliva Glucose Biosensor.

In relation to these licenses, there is no set expiration date for the license. However, the exclusivity of the license granted under the license agreement runs until the expiration of the patent portfolio covered by the agreement which is currently until 2033. No royalties have been incurred through to March 31, 2023.

On March 31, 2021, the Company entered into an agreement with LSBSD to provide the Company an option to acquire an exclusive license to use LSBSD's intellectual property in the Saliva Glucose Biosensor in North America (the "Option Agreement"). The Option Agreement had a term of two years ending March 31, 2023, and the exercise price for the option is \$5,000,000. The fee of \$500,000 incurred for the option was expensed in the period incurred. The option was not exercised and expired on March 31, 2023.

Inventories

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.

Trade, note and other receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

Based upon the assessment of these factors, the Company recorded a bad debt provision write-back of \$22,918 and a provision of \$nil during the three and nine months ended March 31, 2023. No bad debt provision was recognized during the three and nine months ended March 31, 2022. Trade receivables are recognized net of bad debt provision.

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 is 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:

- Computers hardware and software – 3 years
- Equipment, Furniture and fixtures – 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.

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 three months ended March 31, 2023, the Company's market capitalization significantly declined. Furthermore, as a result of macroeconomic factors and recurring cash burn of the reporting unit and continuous cash support from the parent entity, the Company tested the recoverability of its goodwill as of March 31, 2023. Utilizing the income approach, the Company performed a quantitative impairment test on goodwill using a discounted cash flow analysis, which determined the carrying value of our reporting unit exceeded its fair value. As a result, we recognized goodwill impairment of \$4.1 million. Significant assumptions inherent in the valuation methodologies include, but are not limited to, prospective financial information, growth rates, terminal value and discount rate.

Intangible assets

Intangible assets are considered long-lived assets and are recorded at cost, less accumulated amortization and impairment losses, if any. The intangible assets are amortized over their estimated useful lives, which do not exceed any contractual periods. 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. The management plans to assess the recoverability of intangible assets through a detailed analysis of the asset's useful life, market value, impairment indicators, and potential technological changes at the June 2023 year end.

During the three-month period ended March 31, 2023, in response to market and performance conditions, the Company tested the recoverability of its intangible assets. Utilizing the undiscounted cash flows, the Company performed a quantitative impairment test on amortizable intangible assets and concluded that the amortizable intangible assets were not impaired at March 31, 2023. Utilizing the discounted cash flows, the Company performed a quantitative impairment test on indefinite lived intangible assets and concluded that these intangible assets were not impaired at March 31, 2023.

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 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.

Impairment of long-lived assets

Long-lived assets including defined lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of the asset group may not be recoverable, the Company compares the carrying amount of an asset group to future undiscounted net cash flows, excluding interest costs, expected to be generated by the asset group and its ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The Company did not recognize any impairments of long-lived assets including defined lived intangible assets during the three and nine months ended March 31, 2023 and 2022.

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

As the Company is an emerging growth company, we have elected to defer the adoption of new accounting pronouncements until they would apply to private companies.

Adopted:

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *Debt – Debt with Conversion and Other Options* ("ASU 2020-06"), which simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt and will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that is within the scope of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and treasury stock method will be no longer available. The Company adopted ASU 2020-06 as of July 1, 2022. Adoption did not have a material impact on the Company's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for fiscal years beginning after December 15, 2021, and interim period within fiscal years beginning after December 15, 2022, as amended by ASU 2020-05 with early adoption permitted. The Company adopted the standard on July 1, 2022. There was no impact on adoption of ASU 2016-02 as the Company did not have any material leases as of July 1, 2022, and, therefore, application of transitional practical expedients provided by the ASU is not applicable. Topic 842 was applied to the lease assumed as part of the acquisition of IFP on October 4, 2022. See Note 10 for further information and disclosures relating to ASC 842.

Pending adoption:

In November 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2021-10, *Government Assistance* (“ASU 2021-10”). This update requires annual disclosures about transaction with a government that are accounted for by applying a grant or contribution accounting model by analogy. Required disclosures include (1) information about the nature of the transactions and the related accounting policy used to account for the transactions, (2) the line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item, and (3) significant terms and conditions of the transactions, including commitments and contingencies. ASU 2021-10 is applicable for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company is planning to complete the required ASU 2021-10 disclosures with the filing of its Annual Report on Form 10-K for the year ending on June 30, 2023. Based on the management’s assessment of ASU 2021-10, this standard is not expected to have a material impact on the Company’s financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (“ASU 2021-08”). ASU 2021-08 requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts. Prior to this ASU, an acquirer generally recognized contract assets acquired and contract liabilities assumed that arose from contracts with customers at fair value on the acquisition date. The ASU is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The ASU is to be applied prospectively to business combinations occurring on or after the effective date of the amendment. The Company has not early adopted and continues to evaluate the impact of the provisions of ASU 2021-08 on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 (Topic 326), *Financial Instruments – Credit Losses* (“ASU 2016-13”). This update (a) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model which will be based on an estimate of current expected credit loss (“CECL”) (ASC 326-20); and (b) provides for recording credit losses on available-for-sale (“AFS”) debt securities through an allowance account (ASC 326-30). The standard also requires certain incremental disclosures. Subsequently, the FASB issued several ASUs to clarify, improve, or defer the adoption of ASU 2016-13. ASU 2016-13, as amended by ASU 2019-10, is applicable for Smaller Reporting Companies (“SRCs”) for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company has not early adopted the standard and continues to evaluate the impact.

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. The Company has elected to carry its convertible notes at fair value.

Fair value option (“FVO”) for convertible notes

The Company elected the FVO for recognition of its convertible notes payable upon issuance as permitted under ASC 825, *Financial Instruments*. Under the FVO, the Company recognizes the convertible notes payable at fair value with changes in fair value recognized in earnings. The FVO may be applied instrument by instrument, but it is irrevocable. As a result of applying the FVO, direct costs and fees related to the convertible notes are recognized in selling, general and administrative expense in the condensed consolidated statements of operations as incurred and not deferred. Changes in accrued interest for the notes are included in the change in fair value of convertible notes. Changes in fair value of the convertible notes are recognized as part of interest expense in the condensed consolidated statements of operations.

NOTE 4. SEGMENT INFORMATION

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. The Company has determined it operates in two operating segments and has two 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. Accordingly, the Company has determined the following reporting segments:

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

The following table sets forth the Company’s revenue and other income by segment.

A) Revenue

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
IFPG	\$ 457,058	\$ —	\$ 813,737	\$ —
SGBP	—	—	—	—
Total Revenue	\$ 457,058	\$ —	\$ 813,737	\$ —

B) Other Income (Government Support Income)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
IFPG	\$ 49,267	\$ —	\$ 156,824	\$ —
SGBP	68,413	192,500	541,801	370,291
Total Government Support Income	\$ 117,680	\$ 192,500	\$ 698,625	\$ 370,291

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-Reverse Stock Split basis):

Purchase consideration	Amount
Cash	\$ 868,438
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

Pursuant to the Share Exchange Agreement, the Company acquired from the IFP Sellers all of the issued and outstanding shares in the capital stock of IFP, and as consideration therefor, the Company issued and sold to the IFP Sellers upon the closing of the IFP Acquisition (the “IFP Closing”) an aggregate number of 148,183 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 have been reserved for potential future issuance by the Company, consisting of (i) 500,000 shares of Series C Preferred Stock, that are being 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 is convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events), contingent upon approval by the Company’s stockholders.

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 that will remain outstanding following the date of the IFP Closing until the second anniversary of 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*.

The Company entered into various loan agreements in the aggregate amount of £1,254,270, including accrued interest, pursuant to which IFP is 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 will convert into shares of IFP, which shares of IFP will be immediately transferred to the Company in exchange for shares of

Series C Preferred Stock that are 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 bear 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 have 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.

Each share of Series C Preferred Stock (other than the IFP Lender Preferred Shares) would automatically convert 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 would convert 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. In the event Company stockholder approval is not received, the convertible notes and accrued interest would remain outstanding. The number of shares of common stock into which the Series C Preferred Stock is convertible is 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 effectiveness of the 1-for-20 Reverse Stock Split effective on February 9, 2023, each share of Series C Preferred Stock is convertible into 0.15 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 Business Combinations. See Note 21 for further information and disclosures relating to the conversion of the Series C Preferred Stock.

The cash purchase consideration includes \$504,938 (including accrued interest) of funds previously loaned to IFP by the Company, representing a note receivable from IFP and \$363,500 for bonus payments made on behalf of the selling shareholders of IFP. The first installment of \$181,750 was paid during the three months ended December 31, 2022. A second installment of \$181,750 was paid in April 2023.

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.

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

Allocation of purchase consideration	Amount
Assets:	
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	<u>10,612,607</u>
Liabilities:	
Accounts payable and accrued expenses	(1,027,302)
Notes payable	(677,137)
Convertible notes payable	(1,683,764)
Total liabilities assumed	<u>(3,388,203)</u>
Net assets	<u>\$ 7,224,404</u>

Acquired intangible assets of \$5,463,000 include technology of \$5,119,000 (which is estimated to have a useful life of 5 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. As at March 31, 2023, the full amount of the goodwill has been impaired. Refer to note 3, summary of significant accounting policies, and note 10, goodwill and other intangible assets for further information.

The purchase price allocation is considered provisional as the Company finalizes its determination relating to the valuation of assets and liabilities and key assumptions, approaches and judgements with respect to intangible assets acquired and the related tax effects.

Transaction costs, except for the equity issuance costs discussed above, were not material.

Intangibles acquired from IFP were remeasured at March 31, 2023 using the applicable spot rate.

From the closing date of the IFP Acquisition through March 31, 2023, the Company recognized approximately \$813,737 in revenue and \$4,336,191 in net loss relating to IFP, which included goodwill impairment of \$ 4,096,490, amortization of \$697,684 for acquired intangibles and fair value gain on revaluation of convertible notes for \$1,455,078. In addition, the Series C Preferred Stock holdback which has been treated as deferred consideration, was revalued as of March 31, 2023, and resulted in a revaluation gain of \$607,800.

Pro-Forma Results of Operations

The following unaudited pro-forma consolidated results of operations for the three months ended March 31, 2022, nine months ended March 31, 2023, and March 31, 2022, respectively, have been prepared as if the acquisition of IFP had occurred on July 1, 2021, and includes adjustments for amortization related to the valuation of acquired intangibles:

	Three Months Ended March 31		Nine Months Ended March 31			
	2022	2022	2023	2023	2022	2022
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma
Revenue	\$ -	\$ 370,687	\$ 813,737	\$ 1,161,223	\$ -	\$ 996,937
Net loss	\$(1,344,133)	\$(797,885)	\$(7,993,166)	\$(9,234,721)	\$(6,245,796)	\$(9,455,693)
Net loss attributable to Intelligent Bio Solutions Inc.	\$(1,335,246)	\$(797,885)	\$(7,972,799)	\$(9,214,354)	\$(6,227,896)	\$(9,437,795)
Net loss per share, basic and diluted	\$ (1.80)	\$ (0.89)	\$ (8.67)	\$ (8.67)	\$ (8.60)	\$ (10.75)

NOTE 6. INVENTORIES

Inventories consist of the following:

	March 31, 2023	June 30, 2022
Work-in-progress	\$ 551,897	\$ —
Finished goods	378,174	—
Less: provision for inventory obsolescence	(193,850)	—
Inventory, net	\$ 736,221	\$ —

NOTE 7. OTHER CURRENT ASSETS

Other current assets consist of the following:

	March 31, 2023	June 30, 2022
Intelligent Fingerprinting Limited note receivable	\$ —	\$ 500,445
Prepayments	390,527	116,525
Goods and services tax receivable	40,044	57,746
Deposits	101,253	46,602
Other receivables	—	25,443
Total	\$ 531,824	\$ 746,761

On June 16, 2022, the Company entered into an agreement with IFP, providing the Company with the exclusive right, until December 31, 2022, to evaluate and negotiate a transaction to acquire IFP or its assets. In consideration for this exclusivity, on June 16, 2022, the Company provided IFP with an unsecured term loan facility in the amount of \$500,000, which was payable by IFP on the earliest of the consummation of an acquisition, 30 days following the termination of exclusivity under the exclusivity agreement, an event of default under the term loan facility agreement, or December 31, 2022. This \$500,000 term note receivable bore an interest rate of 2% per annum above the Sterling Barclays Bank Base Rate from time to time. The Company completed the acquisition of IFP on October 4, 2022, and, in connection therewith, the loan and accrued interest outstanding as at the date of acquisition, being \$504,938, was treated as a cash consideration in accordance with ASC 805 *Business Combinations*. See Note 5.

NOTE 8. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	March 31, 2023	June 30, 2022
Production equipment	\$ 29,788	\$ —
Leasehold improvements	19,698	—
Other equipment	7,638	—
Construction in progress (CIP)	436,913	391,408
Gross property and equipment	494,037	391,408
Less: accumulated depreciation	(15,917)	—
Property and equipment, net	\$ 478,120	\$ 391,408

The Company recorded an expense of \$6,406 and \$15,917 in relation to the depreciation of property and equipment for the three and nine months ended March 31, 2023, respectively. There was no depreciation of property and equipment during the three and nine months ended March 31, 2022.

During the three and nine months ended March 31, 2023, the Company incurred a cost of \$5,368 and \$91,010, respectively, towards the construction of a building at the University of Newcastle. The Australian government reimbursed the Company for 50% of the incurred costs. Therefore, the Company has recorded the CIP as net of reimbursement received as of March 31, 2023.

The following table summarizes the amount of CIP recorded in property and equipment, net on the condensed consolidated balance sheets:

	<u>March 31, 2023</u>	<u>June 30, 2022</u>
Investments in construction in progress	\$ 873,826	\$ 782,816
Less: 50% contributed under government grant	(436,913)	(391,408)
Gross property and equipment	<u>\$ 436,913</u>	<u>\$ 391,408</u>

NOTE 9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	<u>March 31, 2023</u>	<u>June 30, 2022</u>
Accounts and other payables	\$ 458,410	\$ 715,902
Accruals	385,724	909,187
Deferred consideration*	399,250	—
Other	355,447	—
Total	<u>\$ 1,598,831</u>	<u>\$ 1,625,089</u>

* The deferred consideration relates to:

- a) the second payment of \$181,750 for bonus payments to be made on behalf of the selling shareholders of IFP due on the six-month anniversary of the closing date of the IFP Acquisition, being April 4, 2023, and
- b) the fair value of \$217,500 in relation to 500,000 Series C Preferred Stock that are being held back from the IFP Sellers for one year after the IFP Acquisition date to secure potential indemnification claims by the Company against the IFP Sellers. See Note 4 for further details of the IFP Acquisition.

NOTE 10. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

During the three months ended March 31, 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. The Company recognized an impairment charge of \$4.1 million in the IFPG segment, which is related to the goodwill associated with the IFP Acquisition.

The changes in the carrying amount of goodwill were as follows:

Balance at June 30, 2022	\$ —
Acquisition of IFP	3,803,293
Effect of foreign currency	326,744
Balance at December 31, 2022	4,130,037
Impairment	(4,096,490)
Effect of foreign currency	(33,547)
Balance at March 31, 2023	<u>\$ —</u>

Goodwill resulting from the acquisition of IFP is allocated to the IFPG operating and reportable segment.

Other intangible assets

Other intangible assets consist of the following as of March 31, 2023:

	Weighted average useful lives (years)	Acquisition cost	Effect of foreign currency	Accumulated amortization	Carrying value
Technology	5 years	\$ 5,119,000	\$ 486,135	\$ 634,510	\$ 4,970,625
Customer relationships	3 years	252,000	23,932	52,060	223,872
Trade names and trademarks	Indefinite	92,000	8,737	—	100,737
Total intangible assets		<u>\$ 5,463,000</u>	<u>\$ 518,804</u>	<u>\$ 686,570</u>	<u>\$ 5,295,234</u>

Expense related to the amortization of other intangible assets for the three and nine months ended March 31, 2023, was \$346,548 and \$686,570, respectively. There was no amortization of other intangible assets during the three and nine months ended March 31, 2022. Refer to note 3, summary of significant accounting policies for further information.

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

2023	\$ 895,599
2024	1,194,132
2025	1,171,745
2026	1,104,583
2027	828,438
Total	<u>\$ 5,194,497</u>

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

NOTE 11. CONVERTIBLE NOTES

As a result of the IFP Acquisition, the Company became the guarantor to unsecured convertible notes (also referred to herein as the IFP Loan Agreements) for which IFP is the borrower. The convertible notes, plus certain accrued interest, will become due on October 4, 2024 (the second anniversary of the IFP Acquisition closing date), unless earlier converted. The convertible notes, if converted, will convert into shares of IFP, which shares of IFP will be immediately transferred to the Company in exchange for shares of Series C Preferred Stock that are convertible into common stock (as set forth in the Share Exchange Agreement) following approval by the Company's stockholders of the Company Stockholder Approval Matters. See Note 21 for further information and disclosures relating to the conversion of the Series C Preferred Stock.

The convertible notes bear an interest rate of 17% per annum, on a compounded basis. The interest rate will increase to 22% per annum, on a compounded basis, on October 4, 2023 (the first anniversary of the IFP Acquisition closing date) if the Company's shareholders have not yet approved the Company Stockholder Approval Matters have not been approved by the Company's stockholders by such date.

Due to the Company's election to apply the fair value option (FVO), the fair value of the convertible notes is subsequently re-measured at the end of each reporting period based on the changes in their estimated fair value. See Note 15 for additional information.

NOTE 12. 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 13. LEASES

In relation to the IFP Acquisition, the Company assumed a non-cancelable finance lease agreement. The lease has an original lease period expiring in August 2025. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The components of finance lease expense are as follows:

	<u>Three Months Ended March 31,</u>		<u>Nine Months Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Depreciation of finance lease right-of-use assets	\$ 45,548	\$ —	\$ 94,171	\$ —
Interest on finance lease liabilities	23,712	—	46,160	—
Total finance lease costs	<u>\$ 69,260</u>	<u>\$ —</u>	<u>\$ 140,331</u>	<u>\$ —</u>

As of March 31, 2023, the remaining lease-term and discount rate on the Company's lease was 2.4 years and 17%, respectively.

The reconciliation of the maturities of the finance lease to the finance lease liabilities recorded in the condensed consolidated balance sheet as of March 31, 2023, is as follows:

2023	\$ 245,322
2024	255,135
2025	108,457
Total lease payments	<u>608,914</u>
Less: imputed interest	<u>(113,974)</u>
Present value of lease liabilities	<u>\$ 494,940</u>

Lease payments in the table above exclude \$137,780 of minimum lease payments for a lease signed, but not yet commenced, as of March 31, 2023.

NOTE 14. SHAREHOLDERS' EQUITY

As of March 31, 2023 there were March Warrants (defined below) to purchase 69,291 shares of common stock; Series A Warrants to purchase 70,068 shares of common stock; Series B Warrants to purchase 2,620 shares of common stock; IPO underwriter warrants to purchase 3,177 shares of common stock; pre-IPO warrants to purchase 136,834 shares of common stock; LSBW warrants to purchase 150,000 shares of common stock; Series D Warrants (defined below) to purchase 26,478 shares of common stock; Winx Warrants (defined below) to purchase 1,324 shares of common stock; and Representative's Warrants (defined below) to purchase 32,750 shares of common stock, outstanding and 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).

On March 8, 2023, the Company entered into the Underwriting Agreement with Ladenburg Thalmann & Co. Inc., as representative (the Representative) of the underwriters named therein, relating to the March 2023 Offering of shares of the Company's Common Stock (the March Shares) and warrants to purchase shares of Common Stock (the March Warrants). Each of the March Shares was sold in combination with an accompanying one-third Warrant. The combined purchase price for each March Share and accompanying March Warrant was \$3.90 and the Underwriters agreed to purchase 569,560 March Shares and 170,868 March Warrant. On March 9, 2023, the Representative fully exercised an over-allotment option under the Underwriting Agreement and purchased an additional 85,430 March Shares and additional March Warrants to purchase 25,629 shares of Common Stock. The March 2023 Offering closed on March 10, 2023.

The March 2023 Offering was made pursuant to an effective shelf registration statement on Form S-3, which was filed with the SEC on April 8, 2022. The gross proceeds, before deducting underwriting discounts and commissions and other March 2023 Offering expenses, was approximately \$2.55 million. As part of the Representative's compensation, the Company issued to the Representative unregistered warrants to purchase 32,750 shares of common stock, which warrants have an exercise price of \$4.875 per share (125% of the public offering price per share and accompanying warrant) and will terminate on March 8, 2028. The March Warrants have, (i) an exercise price of \$3.90 per share of Common Stock, (ii) a cashless exercise option for a net number of shares of Common Stock determined according to the formula set forth in the March Warrant or (iii) an alternate cashless exercise option (beginning on or after the initial exercise date), to receive an aggregate number of shares of Common Stock equal to the product of (x) the aggregate number of shares of Common Stock that would be issuable upon a cash exercise and (y) 1.00. Each whole March Warrant entitles the holder thereof to purchase 1 share of Common Stock. The March Warrants are exercisable upon issuance and will expire on March 10, 2028. The exercise price and the number of shares of Common Stock issuable upon exercise of the March Warrants is subject to appropriate adjustments in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Common Stock.

On December 21, 2022, the Company entered into a December 2022 Purchase Agreement with 14 Series D Investors, pursuant to which the Company agreed to issue and sell to the Series D Investors in the December 2022 Private Placement (i) 176,462 shares of Series D Preferred Stock, with each share of Series D Preferred Stock convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events); and (ii) 529,386 Series D Warrants, with each Series D Warrants representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). In addition, 26,469 Winx Warrants were issued to Winx Capital Pty Ltd., the placement agent for the December 2022 Private Placement, with each Winx Warrant representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). The Series D Warrants have an exercise price of \$5.80 per share (subject to adjustment) and expire June 22, 2028. The Winx Warrants have an exercise price of \$10.40 per share (subject to adjustment) and expire five years following the effective date of a registration statement covering the resale of common stock underlying the Series D Preferred Stock acquired by the Series D Investors. The Series D Preferred Stock and Series D Warrants were sold together as a unit, with each Unit consisting of one share of Series D Preferred Stock and three Series D Warrants. The purchase price for the Units was \$1.25 per Unit. The Unit offering price and the Series D Warrants exercise price were priced above the Nasdaq "Minimum Price" as that term is defined in Nasdaq Rule 5635(d)(1). The shares of Series D Preferred Stock are convertible into an aggregate of 26,464 shares of Common Stock following shareholder approval of such conversion and without the payment of additional consideration. The Series D Warrants are exercisable for an aggregate of 26,478 shares of Common Stock and the Winx Warrants are exercisable for an aggregate of 1,324 shares of Common Stock. The December 2022 Private Placement closed on December 22, 2022. See Note 21 for information and disclosures relating to the conversion of the Series D Preferred Stock.

On October 6, 2022, the Company granted its employees 25,000 shares of Common Stock as compensation. The Company recorded stock compensation expense of \$260,000 in relation to the issuance during the three and six months ended December 31, 2022. The Company withheld 1,386 shares for the payment of withholding taxes.

On October 4, 2022, the Company issued 148,183 shares of common stock and 2,363,003 shares of Series C Preferred Stock as partial consideration in connection with the IFP Acquisition. The Company recognized \$806,397 of equity issuance costs in relation to this transaction and recorded them as reduction to additional paid-in capital on the Condensed Consolidated Balance Sheets. An additional 500,000 shares of Series C Preferred Stock will be issued by the Company on the one-year anniversary of the IFP Acquisition, pending satisfaction of potential indemnification claims by the Company against the IFP Sellers. See Note 5 for further detail of the IFP Acquisition.

The Series C Preferred Stock and Series D Preferred Stock are convertible into the Company's common stock following approval of the Company's stockholders of such conversion.

NOTE 15. FAIR VALUE MEASUREMENTS

Convertible notes

As detailed in Note 11, the Company assumed convertible notes as a result of the IFP Acquisition and elected to account for the convertible notes under the FVO. The Company estimated the fair value of the convertible notes based on the fair value of the maximum shares issuable upon conversion (1,149,273 shares of Series C convertible preferred stock) less one year of estimated interest to be incurred until October 4, 2023, since the number of shares to be issued factors in the interest charges for one year. If the note converts earlier than one year less shares will be issued as a result of this. If the note converts between year 1 and year 2 the maximum amount of shares gets issued and the Company will incur 22% annual interests for the period up to the date of conversion in the second year. The Company continues to estimate the fair value of the convertible notes using this method, reducing the estimated interest adjustment each quarter as the 1-year anniversary of the IFP Acquisition approaches. Accordingly, as of March 31, 2023, the fair value movement related to the decrease in the share price from the time of acquisition to reporting date.

Increases or decreases in the fair value of the Company's convertible notes carried at fair value are recognized as part of Other Income (expenses) in the Condensed Consolidated Statements of Operations. The interest incurred from the date of acquisition until March 31, 2023, are included as part of Interest

expense in the condensed Consolidated Statements of Operations. None of the change in the value of the convertible notes was attributable to instrument specific credit risk.

The following table provides a reconciliation of the beginning and ending balance of the convertible note liabilities measured at fair value on a recurring basis during the period:

	Convertible notes carried at fair value (Level 3)
Balance at June 30, 2022	\$ —
Fair value of convertible notes at acquisition (Note 5)	1,683,764
Fair value gain on revaluation of convertible notes	(1,267,791)
Effect of foreign currency	107,730
Balance at December 31, 2022	523,703
Fair value gain on revaluation of convertible notes	(204,207)
Effect of foreign currency	69,865
Balance at March 31, 2023	\$ 389,361

The Company has held back 500,000 Series C Preferred Stock, from the IFP Sellers for one year after the IFP Closing to secure potential indemnification claims by the Company against the IFP Sellers. Therefore, the final number of shares to be issued after the one year measurement period is contingent on any potential claims and can be variable. Each share of Series C Preferred Stock is convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events), contingent upon approval by the Company's stockholders of the conversion of Series C Preferred Stock. These shares are reserved, not issued, or held in Escrow account. As at March 31, 2023, the Company accounted for the fair value movement relates to the decrease in the share price from the time of acquisition to reporting date. See Note 21 for further information and disclosures relating to the conversion of the Series C Preferred Stock.

The following table provides a reconciliation of the beginning and ending balance of the holdback 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, 2022	\$ —
Fair value of holdback Series C Preferred Stock at acquisition (Note 5)	825,300
Fair value gain on revaluation of holdback Series C Preferred Stock	(525,300)
Balance at December 31, 2022	300,000
Fair value gain on revaluation of holdback Series C Preferred Stock	(82,500)
Balance at March 31, 2023	\$ 217,500

The Company did not have assets or liabilities carried at fair value using Level 1 inputs during the three and nine months ended March 31, 2023 and 2022.

NOTE 16. RELATED PARTY TRANSACTIONS

LSBD

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

The following transactions occurred with LSBD and senior management personnel during the period July 1, 2022, to March 31, 2023:

- The Company incurred a total cost of \$nil during the three and nine months ended March 31, 2023 (three and nine months ended March 31, 2022: \$nil and \$145,733), towards overhead cost reimbursement which includes salaries, rents and other related overheads directly attributable to the Company which are included in selling, general and administration expenses in the Condensed Consolidated Statements of Operations and Other Comprehensive Loss.
- As of March 31, 2023, \$8,821 (March 31, 2022: \$9,833) remains payable to LSBD in relation to overhead reimbursements detailed above.

December 2022 Private Placement

Approximately 15.10% of funds raised in the December 2022 Private Placement were secured from Spiro Sakiris, our Chief Financial Officer (indirectly), and Manuel Kostandas, our Director of Global Integration, respectively. Mr. Sakiris indirectly invested \$19,991 in the December 2022 Private Placement and Mr. Kostandas invested \$13,327 in the December 2022 Private Placement.

NOTE 17. INVESTMENT IN AFFILIATE

On May 29, 2020, LSBD, issued 14,000,000 common shares of BiosensX (North America) Inc. to the Company at par value of \$0.001 per share. This transaction provided the Company with a 50% interest in BiosensX (North America) Inc., the holder of the technology license for the North America region.

The investment in BiosensX (North America) Inc. is accounted for by use of the equity method in accordance with ASC 323, Investments - Equity Method and Joint Ventures.

At the date of this transaction, LSBD was the parent of both the Company and BiosensX (North America) Inc., the transfer of BiosensX shares to the Company was deemed to be a common control transaction. As a result of the share transfer, the Company has significant influence over BiosensX (North America) Inc.

During the year ended June 30, 2022, LSBSD sold all the shares it held in the Company but retained ownership of 5-year non-transferrable warrants to purchase 150,000 common shares of the Company at an exercise price of \$340 per share, expiring December 31, 2025. The Company determined whether it has a controlling financial interest in BiosensX (North America) Inc. by first evaluating whether the entity is a voting interest entity or a VIE under GAAP. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interests. As defined in applicable accounting standards, VIEs are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. The Company concluded that it does not have a controlling financial interest in BiosensX (North America) Inc., hence it continues to recognize its investments in BiosensX (North America) Inc. using the equity method.

The carrying amount of investments in BiosensX (North America) Inc. was \$nil as of March 31, 2023, and June 30, 2022.

NOTE 18. COMMITMENTS AND CONTINGENCIES

During November 2022, the Company signed a deed of variation with the University of Newcastle for the research and development of the Saliva Glucose Biosensor. The Company agreed to pay the University of Newcastle \$847,021 of which \$847,021 remains payable as of March 31, 2023.

The Company has no material purchase commitments. For commitments on leases, refer to Note 13.

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 19. INCOME TAX

The Company shall file its income tax returns with the Internal Revenue Service, Australian Taxation Office and His Majesty Revenue & Customs. The Company has operating losses carried forward of \$41,464,331 which are derived from its operations in Australia, the UK and the US and are available to reduce future taxable income. Such loss carry forwards may be carried forward indefinitely, subject to compliance with tests of continuity and additional rules.

The net operating loss carried forward gives rise to a deferred tax asset of approximately \$7,596,042 after offsetting associated deferred tax liabilities. However, the Company has determined that a valuation allowance of \$7,596,042 against such deferred tax asset is necessary, as it cannot be determined that the losses carried forward will be utilized.

NOTE 20. 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. 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,	
	2023	2022	2023	2022
Net loss attributable to Intelligent Bio Solutions Inc.	\$ (6,343,906)	\$ (1,335,246)	\$ (7,972,799)	\$ (6,227,896)
Basic and diluted net loss per share attributed to common shareholders	\$ (5.72)	\$ (1.79)	\$ (8.67)	\$ (8.54)
Weighted-average number of shares outstanding	1,108,672	744,495	919,545	729,533

The following outstanding warrants 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:

Anti-dilutive warrants and preferred shares - Common Stock Equivalent

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Preferred Stock - Series C	354,432	-	354,432	-
Preferred Stock - Series D	26,464	-	26,464	-
Warrants - Common stock (March 23 public raise)	69,291	-	69,291	-
Warrants - Series A	70,068	70,068	70,068	70,068
Warrants - Series B	2,620	2,620	2,620	2,620
Private placement warrants (Dec 2022)	26,478	-	26,478	-
Warrants issued to Winx Capital Pty Ltd	1,324	-	1,324	-
Warrants issued to underwriters (IPO)	3,177	3,177	3,177	3,177
Warrants issued to underwriters (March 23 public raise)	32,750	-	32,750	-
Pre IPO warrants	136,834	136,834	136,834	136,834
Warrants issued to LSBSD	150,000	150,000	150,000	150,000

NOTE 21. SUBSEQUENT EVENTS

The Company made the second payment of \$181,750 for bonus payments on behalf of the selling shareholders of IFP in April 2023.

At the special meeting of the Company's stockholders held on May 8, 2023 (the "Special Meeting"), the stockholders of the Company approved, (a) for purposes of complying with Nasdaq Listing Rule 5635, the full conversion of Series C Preferred Stock issued by the Company pursuant to the terms of a Share Exchange Agreement, dated as of October 4, 2022, and the issuance of shares of Common Stock in connection with such conversion (the "Series C Conversion Approval"); and (b) the full conversion of Series D Preferred Stock, issued by the Company pursuant to the terms of a Securities Purchase Agreement, dated as of December 21, 2022, and the issuance of shares of Common Stock in connection with such conversion (the "Series D Conversion Approval").

As of May 9, 2023, pursuant to the Series C Conversion Approval and the terms of the Share Exchange Agreement, the convertible notes to which the Company is a guarantor as a result of the IFP Acquisition, with an outstanding balance of £1,360,761 in principal and accrued interest as of May 8, 2023, were convertible into shares of IFP, which shares are immediately exchangeable for an aggregate of 1,149,273 shares of Series C Preferred Stock. The outstanding balance of the convertible notes as at the closing date of the IFP Acquisition was £1,254,270.

Upon conversion of the convertible notes into shares of Series C Preferred Stock, there will be 3,512,277 shares of Series C Preferred Stock outstanding and convertible into an aggregate of 526,818 shares of Common Stock. As of May 10, 2023, there were 176,462 shares of Series D Preferred Stock outstanding and convertible into an aggregate of 26,464 shares of Common Stock.

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 2022 Form 10-K and our unaudited condensed consolidated financial statements for the fiscal quarter ended March 31, 2023, 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 2022 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 2022 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. (“INBS”) (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”). The Glucose Biosensor System (Japan) Pty Ltd and Glucose Biosensor System (APAC) Pty Ltd, were deregistered on January 6, 2023, and June 9, 2022, respectively. INBS and its subsidiaries (collectively, “we,” “us,” “our,” “INBS” or the “Company,” unless context requires or indicates otherwise) were formed to provide a non-invasive, pain free innovative medical devices and screening devices. Our headquarters are in New York, New York.

We are a medical technology company delivering intelligent, rapid, non-invasive testing solutions for patients and their primary health practitioners at point of care. We operate globally with an objective to deliver intelligent pain free diagnostic tests.

Our current product portfolio includes:

- A proprietary portable drug screening system that works by analyzing fingerprint sweat using a one-time cartridge and portable handheld reader. The system comprises of commercially available non-invasive sweat-based fingerprint diagnostics testing products (the “IFP products”) that currently detect opioids, cocaine, methamphetamines, benzodiazepines, cannabis, methadone, buprenorphine, and amphetamine. Customers include safety-critical industries such as construction, transportation and logistics firms, along with drug treatment organizations in the rehabilitation sector, and judicial organizations.
- A development stage range of biosensor based Point of Care diagnostic tests (“POCT”) that are developed in the modalities of clinical chemistry, immunology, tumor markers, allergens, and endocrinology. Our flagship product candidate is the Saliva Glucose Biosensor (“SGB”), a POCT expected to substitute the finger pricking invasive blood glucose monitoring for diabetic patients. These tests stem from the Biosensor Platform that we license, across the Asia Pacific Region from Life Science Biosensor Diagnostics Pty Ltd (“LSBD” or “the Licensor”). The Biosensor Platform is capable of detecting multiple biological analytes by substituting the GOX enzyme with a suitable alternative for each analyte.

Our objectives:

- To expand the IFP product line in drug testing markets concentrating on:
 - increasing market share in current markets, which have been the UK and West Europe.
 - commence distribution into the Asia region and
 - commence the regulatory approval process with the United States Food and Drug Administration (the “FDA”) for the purpose of expanding into the sectors of the USA markets where such approval is required.
- To complete development and commercialize the SGB the diagnostic test that stems from the Biosensor Platform that we license from LSBD, in the regions covered by the license. This will be followed by developing the platform further to testing across the diagnostic modalities of immunology, hormones, chemistry, tumor markers and nucleic acid tests.

Recent Developments

Highlights of our major achievements for the nine months ended March 31, 2023, are:

- On March 15, 2023, the Company announced that it has selected Human and Supplement Testing Australia (“HASTA”), Australia’s largest independent sports drug testing laboratory, as its preferred drug testing specialist in Australia to complete lab-based confirmation testing
- On March 8, 2023, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with Ladenburg Thalmann & Co. Inc., as representative (the “Representative”) of the underwriters named therein (collectively, the “Underwriters”), relating to an underwritten public offering of 569,560 shares (the “March Shares”) of the Company’s Common Stock and warrants (the “March Warrants”) to purchase 170,868 shares of Common Stock (collectively, the “March 2023 Offering”). Each of the March Shares was sold in combination with an accompanying one-third Warrant. The combined purchase price for each March Share and accompanying March Warrant was \$3.90 and the Underwriters agreed to purchase 569,560 March Shares and 170,868 March Warrants. The March 2023 Offering was made pursuant to an effective shelf registration statement on Form S-3, which was filed with the SEC on April 8, 2022. On March 9, 2023, the Representative fully exercised the over-allotment option to purchase an additional 85,430 March Shares and additional March Warrants to purchase 25,629 shares of Common Stock. The March 2023 Offering closed on March 10, 2023. The gross proceeds, before deducting underwriting discounts and commissions and other March 2023 Offering expenses, was approximately \$2.55 million. As part of the Representative’s compensation, the Company issued to the Representative unregistered warrants (the “Representative’s Warrants”) to purchase 32,750 shares of common stock, which warrants have an exercise price of \$4.875 per share (125% of the public offering price per share and accompanying warrant) and will terminate on March 8, 2028.

The March Warrants have, (i) an exercise price of \$3.90 per share of Common Stock, (ii) a cashless exercise option for a net number of shares of Common Stock determined according to the formula set forth in the March Warrant or (iii) an alternate cashless exercise option (beginning on or after the initial exercise date), to receive an aggregate number of shares of Common Stock equal to the product of (x) the aggregate number of shares of Common Stock that would be issuable upon a cash exercise and (y) 1.00. Each whole March Warrant entitles the holder thereof to purchase 1 share of Common Stock. The March Warrants are exercisable upon issuance and will expire on March 10, 2028.

- On February 16, 2023, the Company announced that it has filed a 513(g) submission with the United States Food and Drug Administration (FDA) for its Intelligent Fingerprinting Drug Screening Cartridge. The submission will allow Intelligent Bio Solutions to determine the most suitable FDA regulatory pathway as part of the Company’s strategy for expansion into the U.S. market.
- At the annual meeting of the Company’s stockholders held on February 8, 2023 (the “Annual Meeting”), the stockholders of the Company approved an amendment to the Company’s amended and restated certificate of incorporation (the “Amendment”) to effect a reverse stock split at a ratio of not less than 1-for-2 and not more than 1-for-35 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 of Directors (the “Board”) at its sole discretion without further approval or authorization of our stockholders.

Pursuant to such authority granted by the Company’s stockholders, on February 8, 2023, the Board approved a 1-for-20 reverse stock split (the “Reverse Stock Split”) of the Company’s common stock and the filing of the Amendment to effectuate the Reverse Stock Split.

On February 9, 2023, the Company filed the Amendment in order to effect 1-for-20 reverse stock split of the Company’s common stock. The Reverse Stock Split was effective at 4:05 p.m., Eastern Time, on February 9, 2023, at which time every twenty shares of the Company’s issued and outstanding common stock were automatically combined into one issued and outstanding share of common stock. No fractional shares were issued as a result of the Reverse Stock Split. Stockholders of record who were otherwise entitled to receive a fractional share instead received one whole share in lieu of a fractional share. The par value of the Company’s common stock and the number of authorized shares of the common stock were not affected by the Reverse Stock Split. The Company’s common stock began trading on a Reverse Stock Split-adjusted basis on The Nasdaq Capital Market at the open of the markets on February 10, 2023. The Reverse Stock Split was 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.

As a result of the Reverse Stock Split, the number of shares of common stock outstanding was reduced from approximately 18,325,289 shares (excluding treasury shares) as of February 8, 2023, to approximately 916,265 shares (excluding treasury shares, and subject to the rounding up of fractional shares), and the number of authorized shares of common stock remained at 100 million shares. In order to reflect the Reverse Stock Split, proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise or vesting of all outstanding stock options, restricted stock unit awards and warrants (including the Series D Warrants, Winx Warrants and March Warrants (each as defined below)), which resulted in a proportional decrease in the number of shares of the Company’s common stock reserved for issuance upon exercise or vesting of such stock options, restricted stock unit awards and warrants, and, in the case of stock options and warrants, a proportional increase in the exercise price of all such stock options and warrants. In addition, the number of shares of common stock issuable upon conversion of the Company’s Series C Preferred Stock and Series D Preferred Stock, as well as any applicable conversion ratios and terms, were also adjusted in proportion to the reverse split ratio of the Reverse Stock Split (subject to adjustment for fractional interests).

- On January 23, 2023, the Company published the results of Milestone 7, a phase of its biosensor platform development at the University of Newcastle, Australia, that included testing time-to-result (TTR), sensitivity, and reproducibility. The results showed a record 4x improvement in TTR, enabling the biosensor to return test results in under one minute.
- During the period, IFP continued to expand its customer base by entering sales contract with Boughey Distribution, and A&F Sprinklers, a global garden equipment manufacturer.
- The Company completed the acquisition of Intelligent Fingerprinting Limited (“IFP”), a company registered in England and Wales and on October 4, 2022 (the “IFP Acquisition”). 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.

In connection with the IFP Acquisition, on October 4, 2022, the Company entered into a Share Exchange Agreement (the “Share Exchange Agreement”) with IFP, the holders of all of the issued shares in the capital of IFP (collectively, the “IFP Sellers”) and the IFP Sellers’ representative named therein.

Pursuant to the Share Exchange Agreement, among other things, the Company acquired from the IFP Sellers all of the issued shares in the capital of IFP, and as consideration therefor the Company issued and sold to the IFP Sellers upon the closing of the IFP Acquisition (the "IFP Closing") an aggregate number of (i) 148,183 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 have been reserved for potential future issuance by the Company, consisting of 500,000 shares of Series C Preferred Stock, that are being 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 is convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events), contingent upon approval by the Company's stockholders.

Also pursuant to the Share Exchange Agreement, the Company had an obligation to provide IFP with cash in an amount such that IFP is able to pay cash payments to certain current and former United Kingdom and United States-based employees and directors (the “IFP Bonus Recipients”), in aggregate amounts of £239,707 and \$83,043, respectively (the “Cash Bonuses”), plus any applicable employer’s National Insurance contributions. The Cash Bonuses are being paid to the IFP Bonus Recipients in two equal instalments, with the first payment made immediately following the Closing and the second payment to be made on the six-month anniversary of such date.

Also pursuant to the Share Exchange Agreement, the Company had agreed to make available to the employees of IFP (the “IFP Employees”) a Company stock option plan in form and substance satisfactory to the Company in relation to up to 50,000 shares Common Stock following the Closing on the basis that an equal number of Company stock options will be granted to the IFP Employees and Company employees up to an aggregate amount of 100,000 Company stock options.

Each of the Company, IFP and the IFP Sellers made certain customary representations and warranties and agreed to certain covenants in the Share Exchange Agreement.

- On December 21, 2022, the Company entered into a Securities Purchase Agreement (the “December 2022 Purchase Agreement”) with 14 investors (the “Series D Investors”), pursuant to which the Company agreed to issue and sell to the Series D Investors in a Regulation S private placement (the “December 2022 Private Placement”) (i) 176,462 shares of the Company’s Series D Convertible Preferred Stock, par value \$0.01 per share (the “Series D Preferred Stock”), with each share of Series D Preferred Stock convertible into 0.15 shares of Common Stock (subject to adjustment upon the occurrence of specified events); and (ii) 529,386 warrants (the “Series D Warrants”), with each Series D Warrants representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). An additional 26,469 warrants to purchase shares of common stock were issued to Winx Capital Pty Ltd., the placement agent for the December 2022 Private Placement (the “Winx Warrants”), with each Winx Warrant representing the right to purchase 0.05 shares of common stock (subject to adjustment upon the occurrence of specified events). The Series D Warrants have an exercise price of \$5.80 per share (subject to adjustment) and expire June 22, 2028. The Winx Warrants have an exercise price of \$10.40 per share (subject to adjustment) and expire five years following the effective date of a registration statement covering the resale of common stock underlying the Series D Preferred Stock acquired by the Series D Investors. The Series D Preferred Stock and Series D Warrants were sold together as a unit (“Unit”), with each Unit consisting of one share of Series D Preferred Stock and three Series D Warrants. The purchase price for the Units was \$1.25 per Unit. The Unit offering price and the Series D Warrants exercise price were priced above the Nasdaq “Minimum Price” as that term is defined in Nasdaq Rule 5635(d)(1). The shares of Series D Preferred Stock are convertible into an aggregate of 26,464 shares of Common Stock following shareholder approval of such conversion and without the payment of additional consideration. The Series D Warrants are exercisable for an aggregate of 26,478 shares of Common Stock and the Winx Warrants are exercisable for an aggregate of 1,324 shares of Common Stock. The December 2022 Private Placement closed on December 22, 2022. See Note 21 for information and disclosures relating to the conversion of the Series D Preferred Stock.
- On July 13, 2022, INBS completed Institutional Review Board (IRB) approved clinical studies at the Diabetes Research Institute of Sutter Health’s Mills-Peninsula Medical Center (MPMC) in San Mateo, California. The study design was intended to support the clinical development of its next-generation Saliva Glucose Biosensor. A total of 40 adult subjects with type 2 diabetes were recruited for the study. Nearly 1,400 samples of blood and oral fluids were collected and analyzed. The subsequent statistical analysis of the correlation of glucose levels among these sample types will act as foundation for building a robust portfolio of prospective clinical evidence, forming the backbone for future regulatory submissions.

Our Products

Fingerprinting Drug Screening System (IFP)

Our recently acquired subsidiary, Intelligent Fingerprinting Limited, Intelligent (IFP), is the developer and owner of a unique and proprietary portable drug screening system. The system works by analyzing fingerprint sweat using a one-time (recyclable) cartridge and portable handheld reader. The system is non-invasive, fast, and cost-effective, with sample collection taking seconds with simultaneous screening for multiple drug groups in ten minutes. A laboratory confirmation service is also available giving evidential levels of analysis should this be required. The system has applications within many sectors, and customers include safety-critical industries such as construction, transportation, and logistics firms, along with drug treatment organizations in the rehabilitation sector, as well as the United Kingdom (UK) coroners. The Intelligent Fingerprinting Drug Screening System consists of a small, tamper-evident Drug Screening Cartridge (for sample collection) and the portable DSR-Plus, which reads the Cartridge to provide the drug screening results.

Intelligent Fingerprinting offers several fingerprint-based drug screening tests including:

- DSC2 – testing for Methamphetamine, Methadone, Benzodiazepines, Buprenorphine
- DSC 5 – testing for Opiates, Cocaine, Cannabis and Methamphetamines
- DSC 8 – testing for Opiates, Methadone, Buprenorphine and Benzodiazepines
- DSC 10 – testing for Amphetamine, Opiates, Cannabis and Cocaine

IFP has developed both a Point of Care drug screening test system (“POCT”) and a drug laboratory-based confirmation testing service. Both of these involve the collection of fingerprints sweat samples for analysis. For many years, competitor POCT systems and confirmation tests needed to rely on the collection of either urine or oral fluid (saliva) body fluid samples. There are several significant benefits of IFP analysis of fingerprint sweat over urine and oral fluid drug testing:

1. **Non-Invasive sample collection** – Fingerprint sweat can be collected within seconds in any location without the need for specialist trained, gender-specific collectors or prepared collection areas. The sweat from fingerprints is collected simply by pressing each finger one by one for five seconds onto a disposable sample collection cartridge. In contrast, the collection of urine and oral fluid samples can take many hours, requires trained collectors, and to avoid cheating of the tests, the collection areas need to be specially prepared, and the collection of the sample directly observed, which is clearly extremely invasive and undignified in the case of urine.
2. **Hygienic and non-biohazardous** – Fingerprint sweat samples are non-biohazardous and so the screening and collection kit material can be disposed of in routine waste or recycled. Kits used to collect urine and saliva are a potential biohazard and must be treated as such – either incinerated or into landfill.
3. **Accurate Results** – The results of conventional urine and oral fluid POCT drug screening tests require reading of the test results through interpreting the presence or absence of coloured test lines using the naked eye. Often these test lines are weak and difficult to see, leading to inaccuracy in reading the test result. In contrast the results of the IFP screening test is provided automatically by the DSR-Plus reader unit. This provides an unambiguous test result that does not require any user interpretation, increasing the accuracy of the test.

The combination of these benefits mean that fingerprint drug testing provides a more cost-effective, less invasive and more dignified method when compared to urine and oral fluid-based tests.

Biosensor Platform Technology

The “Biosensor Platform” on which the SGB is based is a modified Organic Thin Film Transistor (OTFT). The OTFT structure consists of a source and drain electrode, a semiconducting layer, a gate electrode, an optional separation (or dielectric) layer, all printed on a substrate material and superimposed by a polyelectrolyte membrane/enzyme layer onto which the analyte is placed. The Biosensor Platform is capable of detecting multiple biological analytes by substituting the GOX enzyme with a suitable alternative for each analyte. The substitute enzyme will generate an electrical current signal that is detected in a manner identical to the SGB. Our flagship product candidate from Biosensor Platform Technology is the Saliva Glucose Test (SGT), a POCT expected to substitute the finger pricking invasive blood glucose monitoring for diabetic patient. Life Science Biosensor Diagnostics Pty Ltd (“LSBD” or Licensor) is an Australian company that owns the worldwide intellectual property rights to the biosensor platform from University of Newcastle, Australia. LSBD has licensed to us that technology for us to introduce and launch the platform in the APAC Region.

Our flagship product candidate from Biosensor Platform Technology is the Saliva Glucose Test (SGT), a POCT expected to substitute the finger pricking invasive blood glucose monitoring for diabetic patients.

The Saliva Glucose Test (SGT)

The SGB uses saliva to measure glucose non-invasively. When the SGB interacts with saliva, an electrochemical reaction is initiated that produces an electrical signal directly correlated to the amount of glucose present in the saliva. This measurement is then converted into a real-time saliva glucose reading by a software app on a smart device or a dedicated smart reader for those that do not possess a compliant and compatible smart device. The reading may then be stored in our proprietary cloud-based digital information system.

The SGT consists of:

- The SGB – a single use disposable saliva biosensor, and
- Software app on a smart device or a dedicated reader that interfaces the SGB with our digital information system.

The Saliva Glucose Biosensor (SGB)

The SGB was invented at the Centre for Organic Electronics (COE) at the University of Newcastle, Australia. Patents for the SGB technology have been granted in the United States (9,766,199) and China (ZL201380022888.2). The core innovative characteristic of the SGB is the sensitivity of the glucose biosensor that enables it to detect glucose in saliva at concentrations between 8 and 200 μM and exhibits linear glucose sensing characteristics at these concentrations, sensing glucose at levels 100 times lower than in blood. In addition to the patent disclosures, details of the SGB design have been published in *Applied Physical Letters*, a peer-reviewed physics journal. The Licensor owns patents in Australia, China and the United States protecting the following technological claims of the SGB: the architecture of a biofunctional organic thin film transistor device comprising a gate electrode, a dielectric layer, a partially-organic semiconducting layer, a source electrode, a drain electrode, a substrate and an enzyme; the method for producing the organic thin film transistor device; and the method for determining the concentration of a compound in a sample by interpreting the amperometric signals generated by the device. The Chinese and the United States patent belong to the same patent family, originating from the Australian patent. As such, all of the patents relate to identical technology claims.

The basic OTFT structure consists of a source and drain electrode on a semiconducting material which is itself separated from a third gate electrode by a thin insulating layer. The COE has pioneered the fabrication of these novel biosensors based on integrating biomolecules, such as enzymes, directly into the architecture of organic transistors; producing electronic devices with both high sensitivity and high specificity for the target analyte. In these biosensors, a molecular recognition element can simply be integrated directly into the device structure, and in the case of the SGB, the recognition element is GOX.

The SGB interacts with the glucose in the saliva and initiates an enzymatic reaction whereby GOX enzyme produces hydrogen peroxide from glucose, which modifies the properties of the OTFT gate material, producing an electrical signal directly correlated to the amount of glucose present in the saliva. This measurement is then converted into a real-time saliva glucose reading, through the software app installed on a smart device or a dedicated smart reader. The data may then be transferred to our digital information system coupled with an artificial intelligence system, which will provide the patient with personalized healthcare advice enabling a practical understanding of lifestyle factors that may affect their glucose levels.

High quality OTFTs have been routinely fabricated at the materials node of the Australian National Fabrication Facility. The COE has pioneered the fabrication of novel biosensors based on integrating biomolecules, such as enzymes, directly into the architecture of organic transistors, producing electronic devices with both high sensitivity and high specificity for the target analyte and in this case, glucose.

The development of an intermediate device that communicates to the smart device has been completed. The intermediate device emulates a glucometer, providing the mechanical and electrical interfaces to receive and power the SGB as well as the required circuitry for accurately reading the amperometric signals. We intend to transfer the responsibilities of the intermediate device to the SGB.

The use of saliva as a meaningful proxy for estimating blood glucose level has been reported in scientific literature, including articles published in independent journals such as the *Journal of Obesity*, the *Journal of International Oral Health*, the *Journal of Clinical and Experimental Dentistry*, the *Journal of Oral Biology and Craniofacial Research*, *Diabetes & Metabolic Syndrome*, the *Journal of Biological Regulators and Homeostatic Agents and Diabetologia*, among others. However, a few articles have reported finding little or no significant correlation, including articles in the *Journal of Clinical and Diagnostic Research* and the *Journal of Oral Science*. Consequently, the company is performing clinical research with the objective to collect and provide the data necessary to support that saliva can be utilized as a non-invasive alternative to blood to monitor glycemic status in diabetes patients.

Other Tests Based on the Biosensor Platform

As discussed above, the architecture of the Biosensor Platform allows the recognition element of the biosensor to be exchanged. Accordingly, the GOX element used to detect glucose in the case of the SGB can be substituted for a different enzyme, cancer biomarkers, immunological tests, hormones and other biomarkers. The substitute recognition element will catalyze a reaction leading to a signal that is proportional to the amount of analyte, or participate in a binding reaction of labelled antibodies that will lead to a signal proportional to the amount of analyte of interest. Given the underlying sensing mechanism is unaltered, we believe the technical risk associated with the development and manufacturing scale-up of other tests for biomarkers other than glucose is considered to be relatively low.

Results of Operations

Comparison of the Three and Nine Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Revenue	\$ 457,058	\$ -	\$ 813,737	\$ -
Cost of revenue	(424,009)	-	(536,644)	-
Gross profit	33,049	-	277,093	-
Other income:				
Government support income	117,680	192,500	698,625	370,291
Operating expenses:				
Selling, general and administrative expenses	(1,898,754)	(1,122,004)	(5,594,461)	(3,457,768)
Development and regulatory approval expenses	(299,898)	(413,325)	(380,363)	(3,161,306)
Depreciation and amortization	(398,986)	-	(797,142)	-
Goodwill impairment	(4,096,490)	-	(4,096,490)	-
Total operating expenses	(6,694,128)	(1,535,329)	(10,868,456)	(6,619,074)
Loss from operations	(6,543,399)	(1,342,829)	(9,892,738)	(6,248,783)
Other income (expense):				
Interest expense	(86,125)	(4,217)	(163,957)	(4,892)
Realized foreign exchange income (loss)	7,212	10	(8,936)	(3,094)
Fair value movements through profit and loss	269,787	-	2,062,878	-
Interest income	508	2,903	9,587	10,973
Total other income (expense)	191,382	(1,304)	1,899,572	2,987
Loss before income taxes	(6,352,017)	(1,344,133)	(7,993,166)	(6,245,796)
Income taxes	-	-	-	-
Net loss	(6,352,017)	(1,344,133)	(7,993,166)	(6,245,796)
Net loss attributable to non-controlling interest	(8,111)	(8,887)	(20,367)	(17,900)
Net loss attributable to Intelligent Bio Solutions Inc.	\$ (6,343,906)	\$ (1,335,246)	\$ (7,972,799)	\$ (6,227,896)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) income	\$ (77,787)	\$ 2,793	\$ 148,251	\$ (57,334)
Total other comprehensive (loss) income	(77,787)	2,793	148,251	(57,334)
Comprehensive loss	(6,429,804)	(1,341,340)	(7,844,915)	(6,303,130)
Comprehensive loss attributable to non-controlling interest	(8,111)	(8,887)	(20,367)	(17,900)
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	\$ (6,421,693)	\$ (1,332,453)	\$ (7,824,548)	\$ (6,285,230)
Net loss per share, basic and diluted	\$ (5.72)	\$ (1.79)	\$ (8.67)	\$ (8.54)
Weighted average shares outstanding, basic and diluted	1,108,672	744,495	919,545	729,533

Revenue

Sales of goods

Revenue from sales of good increased from \$0 to \$457,058 for the quarter ended March 31, 2023, compared to same period in 2022. This is due to acquisition of IFP in October 2022.

Revenue from sales of good increased from \$0 to \$813,737 for the nine months ended March 31, 2023, compared to same period in 2022. This is due to acquisition of IFP during the current period.

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,		
	2023	2022	2023	2022	2021
Sales of goods – cartridges	\$ 252,682	\$ —	\$ 467,043	\$ —	\$ —
Sales of goods – readers	134,366	—	237,554	—	—
Other sales	70,010	—	109,140	—	—
Total revenue	\$ 457,058	\$ —	\$ 813,737	\$ —	\$ —

Gross profit

Gross profit in the IFPG segment increased from \$0 to \$33,049 for the quarter ended March 31, 2023, compared to same period in 2022. This is due to the acquisition of IFP in October 2022.

Gross profit in the IFPG segment increased from \$0 to \$277,093 for the nine months ended March 31, 2023, compared to same period in 2022. This is due to the acquisition of IFP during the current period.

Government support income

Government support income in the IFPG and SGBP segments decreased by \$74,820 from \$192,500 to \$117,680 for the quarter ended March 31, 2023, compared to same period in 2022. This decrease was primarily attributable to timing of amount spent on qualifying research and development expenditure.

Government support income in the IFPG and SGBP segment increased by \$328,334 from \$370,291 to \$698,625 for the nine months ended March 31, 2023, compared to same period in 2022. This increase was primarily attributable to qualifying research and development expenditures incurred during the current period including the completion of Milestone 7, a phase of its biosensor platform development at the University of Newcastle, Australia.

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 certain amount will be recovered in full through a future claim (see Note 3 for further information and disclosures relating R&D tax refund).

Operating expenses

Selling, general and administrative expenses

Selling, general and administrative expenses increased by \$776,750 to \$1,898,754 from \$1,122,004 for the quarter ended March 31, 2023, compared to the same period in 2022. This is largely due to the effects of acquisition of IFP, as results of operations of IFP is consolidated in current period from the date of acquisition.

Selling, general and administrative expenses increased by \$2,136,693 to \$5,594,461 from \$3,457,768 for the nine months ended March 31, 2023, compared to the same period in 2022. This is largely due to the effects of acquisition of IFP, as results of operations of IFP is consolidated in current period from the date of acquisition.

As the Company's operating activities increase, we expect its selling, 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.

Development and regulatory expenses

Development and regulatory expenses decreased by \$113,427 to \$299,898 from \$413,325 for the quarter ended March 31, 2023, compared to the same period in 2022. This decrease is primarily driven by the timing of invoicing and research and development activities carried out by University of New Castle.

Development and regulatory expenses decreased by \$2,780,943 to \$380,363 from \$3,161,306 for the nine months ended March 31, 2023, compared to the same period in 2022. This decrease is primarily driven by expensing of the prepaid R&D contribution of \$2,600,000 during the same period in 2021.

As the Company's operating activities increase, we expect its development and regulatory expenses to increase in future periods.

Depreciation and amortization

Depreciation and amortization increased from \$0 to \$797,142 for the quarter ended March 31, 2023, compared to same period in 2022. This is due to the acquisition of IFP and primarily related to the amortization of acquired Intangibles during the current quarter.

Depreciation and amortization increased from \$0 to \$398,986 for the nine months ended March 31, 2023, compared to same period in 2022. This is due to the acquisition of IFP and primarily related to the amortization of acquired intangibles during the current period.

Goodwill Impairment

The goodwill impairment expenses increased by \$4,096,490 to \$4,096,490 from \$0 for the quarter ended March 31, 2023, compared to the same period in 2022. Refer to note 3, summary of significant accounting policies, and note 10, goodwill and other intangible assets for further information.

The goodwill impairment expenses increased by \$4,096,490 to \$4,096,490 from \$0 for the nine months ended March 31, 2023, compared to the same period in 2022. Refer to note 3, summary of significant accounting policies, and note 10, goodwill and other intangible assets for further information.

Other income and expenses

Interest expense

Interest expense increased by \$81,908 to \$86,125 from \$4,217 for the quarter ended March 31, 2023, as compared to the same period in 2022. This increase was attributable to the interest expense recorded for convertible notes after the acquisition of IFP.

Interest expense increased by \$159,065 to \$163,957 from \$4,892 for the nine months ended March 31, 2023, as compared to the same period in 2022. This increase was attributable to the interest expense recorded for convertible notes after the acquisition of IFP.

Fair value movements through profit and loss

The fair value gain increased by \$269,787 to \$269,787 from \$0 for the quarter ended March 31, 2023, as compared to the same period in 2022. This increase is due to the revaluation gains on the convertible notes and contingent consideration for holdback shares resulting from the acquisition of IFP.

The fair value gain increased by \$2,062,878 to \$2,062,878 from \$0 for the nine months ended March 31, 2023, as compared to the same period in 2022. This increase is due to the revaluation gains on the convertible notes and contingent consideration for holdback shares resulting from the acquisition of IFP.

Realized foreign exchange (loss)/gain

Realized foreign exchange gain increased by \$7,202 to a gain of \$7,212 from a gain of \$10 for the quarter ended March 31, 2023, compared to the same period in 2022. This increase in gain was largely attributable to the favorable exchange rates while settling transactions in currencies other than its functional currencies.

Realized foreign exchange loss increased by \$5,842 to a loss of \$8,936 from a loss of \$3,094 for the nine months ended March 31, 2023, compared to the same period in 2022. This increase in loss was largely attributable to the unfavorable foreign exchange translations on capital raising from AUD to USD during the current period.

Income tax (expense) benefit

There was no income tax expense for both the three and nine months ended March 31, 2023, and 2022, 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 \$80,580 to a loss of \$77,787 from a gain of \$2,793 for the quarter ended March 31, 2023, compared to the same period in 2022. 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 increased by \$205,585 to a gain of \$148,251 from a loss of \$57,334 for the nine months ended March 31, 2023, compared to the same period in 2022. 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 increased by \$5,008,660 to \$6,343,906 from \$1,335,246 for the quarter ended March 31, 2023, compared to the same period in 2022. This increase is primarily driven by impairment of goodwill \$4,096,490 offset by a recognition of fair value gain on revaluation of convertible notes and holdback Series C Preferred Stock during the current quarter of \$269,787.

Net loss attributable to INBS increased by \$1,744,903 to \$7,972,799 from \$6,227,896 for the nine months ended March 31, 2023, compared to the same period in 2022. This decrease is primarily driven by impairment of goodwill \$4,096,490 offset by recognition of fair value gain on revaluation of convertible notes and holdback Series C Preferred Stock during the current quarter of \$2,062,878.

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, and the incurrence of debt. As of March 31, 2023, we had \$2,280,544 in cash and cash equivalents and \$887,136 in working capital.

The Company expects that its cash and cash equivalents as of March 31, 2023, will 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. The Company is currently evaluating raising additional funds through private placements and or public equity financing. However, there can be no assurance that, in the event that the Company requires additional financing, such financing will be available on terms which are favorable to us, or at all. Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company received aggregate gross proceeds of \$2,775,041 (before deducting the placement agent's fees and the Company's transaction expenses) in connection with the closing of the March 2023 Offering on March 10, 2023, and the December 2022 Private Placement on December 22, 2022. 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.

As a result of the IFP Acquisition, the Company became the guarantor to unsecured convertible notes (also referred to herein as the IFP Loan Agreements) for which IFP is the borrower. The outstanding fair value of the convertible notes as of March 31, 2023, was \$389,361. The convertible notes, plus certain accrued interest, will become due on October 4, 2024 (the second anniversary of the IFP Acquisition closing date), unless earlier converted. The convertible notes bear an interest rate of 17% per annum, on a compounded basis. The interest rate will increase to 22% per annum, on a compounded basis, on October 4, 2023 (the first anniversary of the IFP Acquisition closing date) if the Company's shareholders have not yet approved (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.

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.

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 interim condensed 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. Estimates and judgments used in the preparation of our interim condensed consolidated financial statements are, by their nature, uncertain and unpredictable, and depend upon, among other things, many factors outside of our control, such as demand for our products, inflation, foreign currency exchange rates, economic conditions and other current and future events. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Goodwill Impairment

During the quarter ended March 31, 2023, utilizing the income approach, the Company performed a quantitative impairment test on goodwill using a discounted cash flow analysis, which determined the carrying value of our reporting unit. Significant assumptions inherent in the valuation methodologies include, but are not limited to, prospective financial information, growth rates, terminal value and discount rate. Refer to note 3, summary of significant accounting policies, and note 10, goodwill and other intangible assets for further information.

Business Combinations

Assets acquired and liabilities assumed as part of a business acquisition are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires management to utilize assumptions and estimates, which are based upon available information that may be subject to further refinement over the purchase accounting period of one year.

Our critical accounting policies are described in our Annual Report on Form 10-K filed with the SEC on September 22, 2022, and the notes to the unaudited condensed consolidated financial statements included in “Part I, Item 1 — Financial Statements” of this Quarterly Report on Form 10-Q.

During the nine months ended March 31, 2023, there were no material changes to our critical accounting policies and estimates from those in our June 30, 2022, Annual Report on Form 10-K filed with the SEC on September 22, 2022.

Recently issued Accounting Pronouncements

For the impact of recently issued accounting pronouncements on the Company’s consolidated financial statements, see Note 3 to the unaudited condensed consolidated financial statements included in “Part I, Item 1 — Financial Statements” 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 and Control Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial and Accounting Officer, evaluated the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q, and have concluded that, based on such evaluation, our disclosure controls and procedures were not effective due to the material weaknesses in our internal control over financial reporting as of March 31, 2023 as described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Notwithstanding the conclusion that our disclosure controls and procedures were not effective as of the end of the period covered by this report, we believe that our unaudited condensed 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 interim periods presented.

Material Weaknesses

As a result of the assessment, management concluded that the Company’s internal control over financial reporting was ineffective as of the evaluation date due to the following material weaknesses in control environment, risk assessment, control activities, information and communication and monitoring.

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 the formally documented policies and procedures with respect to the 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 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.

Remediation Plan

Management is committed to continuing with the steps necessary to remediate the control deficiencies that constituted the above material weaknesses. Since the closing of initial public offering (“IPO”) on December 28, 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, and to provide additional review over our disclosures;
- We enhanced our controls to improve the preparation and review over complex accounting measurements, and the application of GAAP to significant accounts and transactions, and our financial statement disclosures;
- We engage independent experts when complex transactions are entered into;
- We 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, and that provide for 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 weakness in the fiscal year 2023. 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. On October 4, 2022, the Company completed the acquisition of IFP. In accordance with the guidance issued by the SEC, recently acquired businesses may be excluded from management’s assessment of the effectiveness of the Company’s internal control over financial reporting in the year of acquisition. Accordingly, management excluded the IFP Acquisition from the management’s assessment of the effectiveness of the Company’s internal control over financial reporting from October 4, 2022 (the acquisition date), which excluded total assets and total net revenue representing approximately 74% and 100% respectively, of the Company’s related consolidated financial statement amounts as of and for quarter ended March 31, 2023.

Inherent Limitation on the Effectiveness of Internal Controls

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

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 September 22, 2022, as amended, except for risks described below. Any of those 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.

Our Licensor is undergoing equity recapitalization the outcome with which could materially and adversely affect the Company's ability to use IP rights for the Licensed Products, as well as our business, financial condition and operating results.

We are party to a Technology License Agreement (the "Technology License Agreement") with Life Science Biosensor Diagnostics Pty Ltd. ("LSBD"), pursuant to which, among other things, the Company licenses certain products from LSBD (the "Licensed Products"), and have 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 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, LSBD 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 LSBD is proposing to undergo a recapitalization of its equity structure on or before May 30, 2023. We understand, the deed administrators granted a further extension from April 30, 2023, to May 30, 2023, to the Deed Proponents to complete their due diligence. The terms of such recapitalization or other outcome of such administration of LSBD could result in, among other things, change in control of the Licensor or more parties other than LSBD becoming the owner of the Intellectual Property (IP) rights. Accordingly, this has an inherent risk of the possibility of modifications 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, we may become liable to refund the grant we received from the Australian government.

The Company has only completed 4 of the 8 agreed milestones set forth in the Company's grant agreement with the Australian Government. As of March 31, 2023, there is uncertainty regarding the potential extension of the grant agreement past its original end date of March 28, 2024. If we are not given an extension beyond the original end date, or if we are unable achieve the agreed milestones on time, we may become liable to refund the grant we received.

We may have difficulties integrating acquired business and as result, our business, results of operations and/or financial condition may be materially adversely affected.

On October 4, 2022, INBS acquired Intelligent Fingerprinting Limited (IFP), a company registered in England and Wales. The Company believes that the acquisition of IFP will result in several benefits, including synergy in operations, drive product innovations, and operational efficiencies. However, to realize these anticipated benefits, the business of INBS and IFP must be successfully integrated. The success of the IFP acquisition will depend on, among other things, the combined Company's ability to realize these anticipated benefits from combining the businesses of INBS and IFP. The combined company may fail to realize the anticipated benefits of the acquisition for a variety of reasons, including the following:

- inability to efficiently operate new businesses or to integrate acquired products.
- failure to successfully manage relationships with customers, distributors, and suppliers.
- failure of customers to accept new products or to continue as customers of the combined company.
- potential incompatibility of technologies and systems.
- failure to leverage the increased scale of the combined company quickly and effectively.
- potential difficulties integrating and harmonizing financial reporting systems.
- difficulties in retaining key employees of the acquired business.
- failure of the acquired business to produce the expected value.
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company.

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

Other than any sales previously reported in the Company's Current Reports on Form 8-K, the Company did not sell any unregistered securities during the period covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	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 February 9, 2023).
4.1	Form of Representative Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on March 10, 2023).
4.2	Form of Warrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on March 10, 2023).
10.1	Intelligent Bio Solutions Inc. 2019 Long Term Incentive Plan (as amended February 8, 2023) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on February 9, 2023).
10.2	Form of Warrant Agency Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on March 10, 2023).
31.1#	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2#	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	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.
32.2#	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.
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.

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 11, 2023

By: /s/ Harry Simeonidis

HARRY SIMEONIDIS

CHIEF EXECUTIVE OFFICER AND PRESIDENT

(Principal Executive Officer)

Date: May 11, 2023

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 11, 2023

/s/ Harry Simeonidis

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

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 11, 2023

/s/ Spiro Sakiris

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

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, 2023, 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 11, 2023

/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.

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, 2023, 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 11, 2023

/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.
