

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

**FORM 8-K/A  
Amendment No. 1**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): **November 9, 2022**

**INTELLIGENT BIO SOLUTIONS INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**001-39825**  
(Commission File Number)

**82-1512711**  
(IRS employer identification no.)

**142 West, 57th Street, 11th Floor**  
**New York, NY 10019**  
(Address of principal executive offices, including zip code)

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

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.01 par value	INBS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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

## EXPLANATORY NOTE

On October 11, 2022, Intelligent Bio Solutions Inc. (the “Company”) filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “Initial Form 8-K”) reporting, among other things, the completion of its acquisition of Intelligent Fingerprinting Limited (“IFP”), a company registered in England and Wales, pursuant to that certain Share Exchange Agreement, dated as of October 4, 2022, by and among IFP, the holders of all of the issued shares in the capital of IFP (the “Sellers”), and the Sellers’ representatives named therein.

The sole purpose of this Amendment No. 1 to Current Report on Form 8-K/A is to amend Item 9.01 of the Initial Form 8-K in order to include the financial statements and pro forma financial information required by Item 9.01, which were excluded from the Initial Form 8-K in accordance with the provisions of that item and which are filed as exhibits hereto. All other items in the Initial Form 8-K remain the same.

---

## Item 9.01. Financial Statements and Exhibits.

### (a) Financial Statements of Business Acquired.

The historical audited financial statements of Intelligent Fingerprinting Limited as of December 31, 2020, and December 31, 2021, and the related notes thereto in accordance with IFRS, and the report of accounting firm thereon are filed as exhibits 99.2 to this Current Report on Form 8-K/A and incorporated by reference.

### (b) Pro forma Financial Information.

The following unaudited pro forma financial information of the Company is filed as Exhibit 99.3 to this Current Report on Form 8-K/A

- Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2022
- Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended June 30, 2022
- Unaudited Pro Forma Condensed Combined Statement of Operations for the three-month ended September 30, 2022
- Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

### (d) Exhibits

<b>No.</b>	<b>Description</b>
2.1	<a href="#">Share Exchange Agreement, dated as of October 4, 2022, by and among GBS INC., Intelligent Fingerprinting Limited, the Sellers Listed on Schedule I thereto, Jason Isenberg (as the RFA Sellers' Representative), and Philip Hand (as the other Sellers' Representative) (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
3.1	<a href="#">Certificate of Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock, par value \$0.01 per share, of the Company, dated October 4, 2022, filed with the Secretary of State of Delaware on October 4, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.1	<a href="#">Investors' Rights Agreement, dated as of October 4, 2022, by and among the Company, The Ma-Ran Foundation, The Gary W. Rollins Foundation and Jason Isenberg, as the RFA Sellers' Representative (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.2	<a href="#">Registration Rights Agreement, dated as of October 4, 2022, by and among the Company and the stockholders of the Company named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.3	<a href="#">Registration Rights Agreement, dated as of October 4, 2022, by and among the Company and the stockholders of the Company named therein (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.4	<a href="#">Voting Agreement, dated as of October 4, 2022, by and among the Company and the stockholders of the Company named therein (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.5	<a href="#">Form of Voting Agreement, dated as of October 4, 2022, by and among the Company, the Sellers' Representatives' named therein and each of Spiro Sakiris, Harry Simeonidis and Christopher Towers (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.6	<a href="#">Extension Agreement, dated as of October 4, 2022, to Bridge Facility Agreement, dated as of June 16, 2022, between the Company and Intelligent Fingerprinting Limited (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.7	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, Karin Briden and the Company (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.8	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, Debra Coffey and the Company (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.9	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, Thomas Johnson and the Company (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.10	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, The Ma-Ran Foundation, The Gary W. Rollins Foundation and the Company (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.11	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, John Polden and the Company (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.12	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, Sennett Kirk III and the Company (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
10.13	<a href="#">Deed of Amendment and Restatement, dated October 4, 2022, between Intelligent Fingerprinting Limited, Sennett Kirk III Exempt Trust and the Company (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
23.1	<a href="#">Consent of UHY Haines Norton</a>
99.1	<a href="#">Press Release, dated October 4, 2022 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on October 11, 2022).</a>
99.2	<a href="#">Audited financial statements of Intelligent Fingerprinting Limited for the years ended December 31, 2020, and 2021</a>
99.3	<a href="#">Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2022; Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended June 30, 2022; Unaudited Pro Forma Condensed Combined Statement of Operations for the three-month ended September 30, 2022.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

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

Date: December 8, 2022

**INTELLIGENT BIO SOLUTIONS INC.**

By: /s/ Spiro Sakiris

Name: Spiro Sakiris

Title: Chief Financial Officer

---

INTELLIGENT BIO SOLUTIONS INC.  
The Directors  
L35, T1/100 Barangaroo Ave,  
Barangaroo NSW 2000

Dear Directors,

We hereby consent to the inclusion in FORM 8-K/A of our audit report dated December 7, 2022 relating to the financial statements of Intelligent Fingerprinting Limited as of December 31, 2021 and 2020 and for the years then ended. We also consent to the reference to our Firm "UHY Haines Norton" under Exhibit 23.1 in such Form 8-K/A.

/s/ UHY Haines Norton

Sydney, New South Wales

7 December 2022

---

INTELLIGENT FINGERPRINTING LIMITED  
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2021  
AND  
**INDEPENDENT AUDITORS' REPORT**

---

Company registration number 06409298 (England and Wales)

**INTELLIGENT FINGERPRINTING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**INTELLIGENT FINGERPRINTING LIMITED**

**COMPANY INFORMATION**

---

**Directors**

D Ball  
D M Dougherty  
P J Hand  
D Jenkins (Appointed 29 January 2022)  
Dr M Johns  
J R Polden  
Professor D A Russell

**Company number** 06409298

**Registered office**

14-17 Evolution Business Park  
Milton Road  
Cambridge  
CB24 9NG

**Auditor**

UHY Haines Norton  
Level 11, 1 York Street  
Sydney  
New South Wales, 2000  
Australia

---



INTELLIGENT FINGERPRINTING LIMITED

CONTENTS

---

	<u>Page</u>
<a href="#">Directors' report</a>	1-2
<a href="#">Independent auditor's report</a>	3
<a href="#">Statement of comprehensive income</a>	4
<a href="#">Statement of financial position</a>	5-6
<a href="#">Statement of changes in equity</a>	7
<a href="#">Statement of cash flows</a>	8
<a href="#">Notes to the financial statements</a>	9 - 28

---

## INTELLIGENT FINGERPRINTING LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

---

The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of the development of non-invasive, fingerprint-based diagnostic technology for use at point-of-care.

#### Results and dividends

The results for the year are set out on page 4.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Ball	
D M Dougherty	
P J Hand	
D Jenkins	(Appointed 29 January 2022)
Dr M Johns	
J R Polden	
Professor D A Russell	
R J Anthony	(Resigned 24 September 2021)

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INTELLIGENT FINGERPRINTING LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

---

**Statement of disclosure to auditor**

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

*/s/ P J Hand*

**Director**

Date: 7 December 2022

**INTELLIGENT FINGERPRINTING LIMITED**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF INTELLIGENT FINGERPRINTING LIMITED**

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Intelligent Fingerprinting Limited

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial position of Intelligent Fingerprinting Limited (referred to as the "Company") as of December 31, 2021 and 2020, and the related statements of comprehensive income, changes in equity, and cash flows for each of the years in the two year period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the years in the two year period ended December 31, 2021, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ UHY Haines Norton

We have served as the Company's auditor since 2022.

Sydney, New South Wales

7 December 2022

INTELLIGENT FINGERPRINTING LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	3	1,043,546	957,452
Cost of sales		(264,863)	(344,572)
<b>Gross profit</b>		778,683	612,880
Other operating income	3	788,131	375,566
Amortisation and depreciation		(245,404)	(275,211)
Employment costs		(1,799,124)	(1,529,826)
Research and development costs		(398,163)	(400,126)
Sales and marketing costs		(192,016)	(286,824)
Administrative expenses		(282,406)	(332,188)
<b>Operating loss</b>	4	(1,350,299)	(1,835,729)
Investment revenues	6	219	328
Finance costs	7	(150,644)	(107,518)
<b>Loss before taxation</b>		(1,500,724)	(1,942,919)
Income tax expense	8	-	-
<b>Loss and total comprehensive income for the year</b>		(1,500,724)	(1,942,919)

The notes on pages 9 to 28 form part of these financial statements.

INTELLIGENT FINGERPRINTING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Intangible assets	9	779,008	782,369
Property, plant and equipment	10	91,073	151,003
Right-of-use assets	10	412,268	414,895
		<u>1,282,349</u>	<u>1,348,267</u>
<b>Current assets</b>			
Inventories	11	862,343	307,948
Trade and other receivables	12	485,006	489,020
Cash and cash equivalents		446,764	1,094,188
		<u>1,794,113</u>	<u>1,891,156</u>
<b>Current liabilities</b>			
Trade and other payables	18	636,878	551,852
Borrowings	14	740,241	-
Convertible loan notes	16	1,115,991	-
Lease liabilities	19	96,440	102,887
		<u>2,589,550</u>	<u>654,739</u>
<b>Net current (liabilities)/assets</b>		<u>(795,437)</u>	<u>1,236,417</u>
<b>Non-current liabilities</b>			
Borrowings	14	-	696,418
Lease liabilities	19	457,011	466,984
		<u>457,011</u>	<u>1,163,402</u>
<b>Net assets</b>		<u>29,901</u>	<u>1,421,282</u>
<b>Equity</b>			
Called up share capital	21	4,670	4,670
Share premium account	22	20,317,032	20,317,032
Share based payment reserve		180,402	71,059
Retained earnings		<u>(20,472,203)</u>	<u>(18,971,479)</u>
<b>Total equity</b>		<u>29,901</u>	<u>1,421,282</u>

The notes on pages 9 to 28 form part of these financial statements.

**INTELLIGENT FINGERPRINTING LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

*AS AT 31 DECEMBER 2021*

---

The financial statements were approved by the board of directors and authorised for issue on 7 December 2022 and are signed on its behalf by:

*/s/ P J Hand*

**Director**

**Company registration number 06409298**

INTELLIGENT FINGERPRINTING LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Share based payment reserve £	Retained earnings £	Total £
<b>Balance at 1 January 2020</b>		1,573	17,999,248	12,751	(17,028,560)	985,012
<b>Year ended 31 December 2020:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,942,919)	(1,942,919)
Transactions with owners in their capacity as owners:						
Issue of share capital	21	3,097	2,317,784	-	-	2,320,881
Share based payments	23	-	-	58,308	-	58,308
<b>Balance at 31 December 2020</b>		<u>4,670</u>	<u>20,317,032</u>	<u>71,059</u>	<u>(18,971,479)</u>	<u>1,421,282</u>
<b>Year ended 31 December 2021:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,500,724)	(1,500,724)
Transactions with owners in their capacity as owners:						
Share based payments	23	-	-	109,343	-	109,343
<b>Balance at 31 December 2021</b>		<u>4,670</u>	<u>20,317,032</u>	<u>180,402</u>	<u>(20,472,203)</u>	<u>29,901</u>

The notes on pages 9 to 28 form part of these financial statements.



INTELLIGENT FINGERPRINTING LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	30		(1,460,907)		(1,368,765)
Interest paid			(107,553)		(107,518)
<b>Net cash outflow from operating activities</b>			<b>(1,568,460)</b>		<b>(1,476,283)</b>
<b>Investing activities</b>					
Purchase of intangible assets		(49,807)		(140,838)	
Proceeds from disposal of intangibles		-		10,653	
Purchase of property, plant and equipment		(29,674)		(15,287)	
Proceeds from disposal of property, plant and equipment		-		2,720	
Interest received		219		328	
<b>Net cash used in investing activities</b>			<b>(79,262)</b>		<b>(142,424)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-		2,320,881	
Issue of convertible loans		1,072,900		-	
Repayment of borrowings		43,823		10,278	
Payment of lease liabilities		(116,425)		(94,063)	
<b>Net cash generated from financing activities</b>			<b>1,000,298</b>		<b>2,237,096</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(647,424)</b>		<b>618,389</b>
Cash and cash equivalents at beginning of year			1,094,188		475,799
Cash and cash equivalents at end of year			<u>446,764</u>		<u>1,094,188</u>

The notes on pages 9 to 28 form part of these financial statements.

**1 Accounting policies**

**Company information**

Intelligent Fingerprinting Limited is a private company limited by shares incorporated in England and Wales. The registered office is 14-17 Evolution Business Park, Milton Road, Cambridge, CB24 9NG. The company's principal activities and nature of its operations are disclosed in the directors' report.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

As at 31 December 2021 the company continues to be loss making and reliant on further fundraising in order to meet its liabilities as they fall due. Subsequent to the year end, as explained in note 28, the company was acquired by Intelligent Bio Solutions Inc. (formerly known as GBS Inc.). The directors have at the time of approving the financial statements, a reasonable expectation that the parent company will provide sufficient funds to allow the company to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Revenue**

Revenue relates to the sale of readers, cartridges and accessories. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.4 Intangible assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences	5% straight line
----------------------	------------------

**1.5 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Straight line over period of the lease
Office equipment	25% - 50% straight line
Computers	33% straight line
Right-of-use asset	Straight line over period of the lease

**1 Accounting policies**

**(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Right-of-use assets consist of a lease of an office which is carried under the cost model. Right-of-use assets are depreciated over the shorter the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

**1.6 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**1.7 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**1.8 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short- term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

**1 Accounting policies****(Continued)*****Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Impairment of financial assets***

Financial assets carried at amortised cost are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, lease liabilities, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Compound instruments**

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

**1.12 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1 Accounting policies**

**(Continued)**

**1.13 Income tax**

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**1.17 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

**1 Accounting policies**

**(Continued)**

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**1.18 Grants**

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

**2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Critical judgements**

## 2 Critical accounting estimates and judgements

(Continued)

**Market rate on convertible debt**

As explained in note 16, the net proceeds from convertible loan notes issued in the year have not been split into a financial liability and an equity component because the directors consider the market rate of similar non-convertible debt to be indeterminate, given that the company has not been able to raise bank financing. Consequently, all proceeds are recorded as a financial liability held at amortised cost amounting to £1,115,991 at 31 December 2021.

**Accounting for compound financial instruments**

The Company's accounting for compound financial instruments involve significant estimates and judgements, including the determination of an applicable market interest rate for pure debt instruments in determining the equity component, if any, of issued instruments.

## 3 Revenue

	2021 £	2020 £
<b>Revenue analysed by class of business</b>		
Sales of goods - recognised at a point in time	1,043,546	957,452
Sales of goods – cartridges	432,436	419,694
Sales of goods – readers	430,034	449,699
Other sales	181,076	88,059
	<u>1,043,546</u>	<u>957,452</u>
	2021 £	2020 £
<b>Revenue analysed by geographical market</b>		
United Kingdom	857,473	716,418
United States	67,250	10,362
Rest of World	118,823	230,672
	<u>1,043,546</u>	<u>957,452</u>
	2021 £	2020 £
<b>Other income</b>		
Grants received	<u>788,131</u>	<u>375,566</u>

Grants received include Research and Development Expenditure Credits (RDEC) of £276,158 (2020:£306,200). RDEC is a taxable credit on the amount of qualifying research and development expenditure payable as cash and has been accrued in relation to qualifying research and development expenditure incurred in the year. All conditions with respect to the grants have been met at the balance sheet date.

During the year, £10,179 (2020: £19,366) of government grants were received in respect of the Coronavirus Job Retention Scheme. The grants allow the company to put staff on temporary leave ('furlough') and claim 80% of the employee's payroll costs from the government. The grants have been recognised on a straight-line basis over the period of furlough and are included within grants received. All conditions with respect to the grants have been met at the balance sheet date.

During the year, £501,794 (2020: £50,000) of grants were received in respect of temporary funding for ideas to address COVID-19. The grants were in relation to Point of Care diagnostics for the rapid detection of the COVID-19 virus. The grants have been recognised over the period of expenditure and are included within grants received. All conditions with respect to the grants have been met at the balance sheet date.

**4 Operating loss**

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	8,581	(26,349)
Research and development costs	398,163	400,126
Government grants	(788,131)	(375,566)
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	6,400
Depreciation of property, plant and equipment	89,604	137,297
Depreciation of right of use assets	102,632	88,906
Amortisation of intangible assets (included within administrative expenses)	53,168	49,009
Cost of inventories recognised as an expense	264,863	344,571
Share-based payments	109,343	58,308

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
	37	32

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,433,549	1,246,291
Social security costs	150,843	131,133
Pension costs	62,858	53,983
Share based payments	109,343	58,308
	1,756,593	1,489,715

**6 Investment income**

	2021 £	2020 £
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	219	328

Income above relates to assets held at amortised cost, unless stated otherwise.



## 7 Finance costs

	2021	2020
	£	£
Interest on convertible loan notes	43,091	-
Interest on lease liabilities	72,160	55,937
Other interest payable	35,393	51,581
Total interest expense	<u>150,644</u>	<u>107,518</u>

## 8 Income tax expense

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021	2020
	£	£
Loss before taxation	<u>(1,500,724)</u>	<u>(1,942,919)</u>
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(285,138)	(369,155)
Effect of expenses not deductible in determining taxable profit	32,449	21,370
Income not taxable	(52,470)	(58,178)
Unutilised tax losses carried forward	485,802	699,151
Permanent capital allowances in excess of depreciation	(191,886)	(315,157)
Other non-reversing timing differences	11,243	21,969
<b>Taxation charge for the year</b>	<u>-</u>	<u>-</u>

At the year end, the company had tax losses of £12,957,387 (2020: £12,078,025) available to offset against future profits. No provision has been made for the deferred tax asset arising on unutilised corporation tax losses as the timing of their future reversal is uncertain.

## 9 Intangible assets

	Patents & licences £
<b>Cost</b>	
At 1 January 2020	900,700
Additions	140,838
Disposals	(11,358)
At 31 December 2020	1,030,180
Additions	49,807
At 31 December 2021	1,079,987
<b>Amortisation and impairment</b>	
At 1 January 2020	199,507
Charge for the year	49,009
Eliminated on disposals	(705)
At 31 December 2020	247,811
Charge for the year	53,168
At 31 December 2021	300,979
<b>Carrying amount</b>	
At 31 December 2021	779,008
At 31 December 2020	782,369
At 31 December 2019	701,193

Intangible assets primarily comprise legal and other relates expenses incurred for the registration of patents in various jurisdictions across the Company's products. The remaining amortisation period of these assets is a reflection of their 20 year useful life.

## 10 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computers £	Right-of-use asset £	Total £
<b>Cost</b>					
At 1 January 2020	44,022	950,064	57,839	889,060	1,940,985
Additions	-	15,287	-	-	15,287
Disposals	-	(86,691)	-	-	(86,691)
At 31 December 2020	44,022	878,660	57,839	889,060	1,869,581
Additions	3,268	26,406	-	100,005	129,679
At 31 December 2021	47,290	905,066	57,839	989,065	1,999,260

**10 Property, plant and equipment** (Continued)

	Leasehold improvements £	Office equipment £	Computers £	Right-of-use asset £	Total £
<b>Accumulated depreciation and impairment</b>					
At 1 January 2020	19,117	701,061	56,014	385,259	1,161,451
Charge for the year	4,327	131,342	1,628	88,906	226,203
Eliminated on disposal	-	(83,971)	-	-	(83,971)
At 31 December 2020	23,444	748,432	57,642	474,165	1,303,683
Charge for the year	4,463	84,944	197	102,632	192,236
At 31 December 2021	27,907	833,376	57,839	576,797	1,495,919
<b>Carrying amount analysed between owned assets and right-of-use assets At 31 December 2021</b>					
Owned assets	19,383	71,690	-	-	91,073
Right-of-use assets	-	-	-	412,268	412,268
	19,383	71,690	-	412,268	503,341
<b>At 31 December 2020</b>					
Owned assets	20,578	130,228	197	-	151,003
Right-of-use assets	-	-	-	414,895	414,895
	20,578	130,228	197	414,895	565,898

**11 Inventories**

	2021 £	2020 £
Work in progress	733,494	287,218
Finished goods	128,849	20,730
	862,343	307,948

**12 Trade and other receivables**

	2021 £	2020 £
Trade receivables	81,512	31,863
VAT recoverable	13,820	15,514
Other receivables	317,825	347,867
Prepayments	71,849	93,776
	485,006	489,020

Other receivables include research and development tax credits of £276,158 (2020: £306,200).

**13 Trade receivables - credit risk****Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

2021	Days overdue	0-30	31-60	61-90	90+	Total
	Current					
	£	£	£	£	£	£
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Trade receivables	75,104	11,745	2,371	387	8,406	98,013
Expected credit loss	-	-	-	-	-	-
2020	Current	0-30	31-60	61-90	90+	Total
	£	£	£	£	£	£
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Trade receivables	28,264	3,599	-	-	-	31,863
Expected credit loss	-	-	-	-	-	-

Movements in the allowance for expected credit losses are as follows:

Opening balance	-
Additional provisions recognised	-
Amounts reversed	-
Closing balance	-

No significant receivable balances are impaired at the reporting end date. All receivables outside credit terms were recovered subsequent to the reporting date.

**14 Borrowings**

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Other loans	740,241	-	-	696,418

The Company's other loans relate to a payment due to a distributor in the amount of USD\$1,000,000 which matures in January 2022. The Company's must make repayments of USD\$0.25 towards this amount for every Screening or Confirmation cartridge sold in the US or Canada. This amount does not attract interest.

As disclosed in note 24, subsequent to the reporting date, the loan was renegotiated such that the unpaid principal balance of the loan will accrue interest at a rate of 0.97% per annum, with the following payments offset against the balance:

- 10% of the company's monthly worldwide gross revenue received in the preceding month; plus
- Provision of up to £50,000 of inventories to the lender; and
- 50% of any subsequent sales by the company to the lender.

An amount of £615,597 remains outstanding as at the date of this financial report.

**15 Fair value of financial liabilities**

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

**16 Convertible loan notes**

The convertible loan notes were issued on 26 October 2021. The notes are convertible into Ordinary B shares of the company at any time to 31 January 2022. The conversion price is the lesser of 2.9425p and 90% of the price per share issued under any fundraising occurring after the issue date.

If the notes have not been converted, they are repayable at 31 January 2022. Interest of 15% per annum will be accrued until that date.

The interest expensed for the year is calculated by applying an effective interest rate of 15% to the liability component of the loan notes. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position represents the effective interest rate to that date.

The net proceeds received from the issue of the convertible loan notes have not been split between the financial liability element and an equity component as the directors consider the market rate of similar non-convertible debt to be indeterminate given the company has not been able to raise bank financing.

	<b>2021</b>
	<b>£</b>
Net proceeds of issue of convertible loan note	1,072,900
Equity component	-
Liability component at date of issue	<u>1,072,900</u>

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents accrued interest at the effective interest rate.

**Movements and balance at the period end**

	<b>Liability</b>
	<b>£</b>
Liability component at 31 December 2020	-
Issue of convertible loan notes	1,072,900
Interest charged	<u>43,091</u>
Liability component at 31 December 2021	<u>1,115,991</u>
Liability component due within 12 months	<u>1,115,991</u>

The convertible loan notes are secured by way of a fixed charge and floating charge over the company's intellectual property and other assets.

Subsequent to the reporting date, the convertible loan remained outstanding while the company proceeded with acquisition negotiations with Intelligent Bio Solutions Inc. (formerly known as GBS Inc.). During this period the loan notes accrued interest at a daily compound rate of 17%. As part of the acquisition in October 2022, the interest rate was reduced to 17% compound annual interest until the preference shares are approved for conversion to common stock as described in note 28. All convertible loans remain outstanding as at the date of this financial report.

## 17 Financial assets

31 December 2021	Amortised cost £	FVTPL £	FVTOCI £	Total £
Trade and other receivables	413,157	-	-	413,157
Cash and cash equivalents	446,764	-	-	446,764
	<u>859,921</u>	<u>-</u>	<u>-</u>	<u>859,921</u>

31 December 2020	Amortised cost £	FVTPL £	FVTOCI £	Total £
Trade and other receivables	395,244	-	-	395,244
Cash and cash equivalents	1,094,188	-	-	1,094,188
	<u>1,489,432</u>	<u>-</u>	<u>-</u>	<u>1,489,432</u>

## Financial liabilities

31 December 2021	Amortised cost £	FVTPL £	FVTOCI £	Total £
Trade and other payables	569,292	-	-	569,292
Convertible loan notes	1,115,991	-	-	1,115,991
Lease liabilities	553,451	-	-	553,451
Borrowings	740,241	-	-	740,241
	<u>2,409,683</u>	<u>-</u>	<u>-</u>	<u>2,409,683</u>

31 December 2020	Amortised cost £	FVTPL £	FVTOCI £	Total £
Trade and other payables	450,097	-	-	450,097
Lease liabilities	569,871	-	-	569,871
Borrowings	696,418	-	-	696,418
	<u>1,019,968</u>	<u>-</u>	<u>-</u>	<u>1,019,968</u>

**18 Trade and other payables**

	2021	2020
	£	£
Trade payables	523,301	403,874
Accruals	67,586	101,755
Social security and other taxation	44,391	38,123
Other payables	1,600	8,100
	<u>636,878</u>	<u>551,852</u>

**19 Lease liabilities**

	2021	2020
	£	£
<b>Maturity analysis</b>		
Within one year	188,333	150,000
In two to five years	539,167	550,000
Total undiscounted liabilities	727,500	700,000
Future finance charges and other adjustments	(174,049)	(130,129)
Lease liabilities in the financial statements	<u>553,451</u>	<u>569,871</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	96,440	102,887
Non-current liabilities	457,011	466,984
	<u>553,451</u>	<u>569,871</u>

	2021	2020
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>72,160</u>	<u>55,937</u>

**20 Retirement benefit schemes**

	2021	2020
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>62,858</u>	<u>53,983</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 0.001p each	458,839,203	458,839,203	4,589	4,589
Ordinary B shares of 0.001p each	8,130,947	8,130,947	81	81
	<u>466,970,150</u>	<u>466,970,150</u>	<u>4,670</u>	<u>4,670</u>

Share capital represents the nominal (par) value of shares that have been issued.

Ordinary shares carry one vote and rank equally with the other ordinary shares in all respects, including as to eligibility to receive dividends and the repayment of capital, including on a winding up. The shares are not redeemable.

Ordinary B shares rank *pari passu* in all respects except on a return of assets or liquidation, capital reduction, or share sales, where the remaining assets are repaid firstly to the Ordinary B shareholders. The amount paid will be the issue price of the shares plus any arrears or accrued dividends.

## 22 Share premium account

	2021 £	2020 £
At the beginning of the year	20,317,032	17,999,248
Issue of new shares	-	2,317,784
At the end of the year	<u>20,317,032</u>	<u>20,317,032</u>

The share premium account represents the excess of amounts received over the nominal value of shares issued, less directly attributable transaction costs, and net of any related income tax benefits.

## 23 Share-based payments

	Number of share options		Average exercise price	
	2021 Number	2020 Number	2021 pence	2020 pence
Outstanding at the beginning of the year	33,551,645	10,697,516	5.35	11.34
Granted in the period	9,213,072	33,551,645	5.35	5.35
Forfeited in the period	(44,528)	(10,697,516)	5.35	11.34
Outstanding at the end of the year	<u>42,720,189</u>	<u>33,551,645</u>	<u>5.35</u>	<u>5.35</u>
Exercisable at the end of the year	<u>38,791,832</u>	<u>25,249,649</u>	<u>5.35</u>	<u>5.35</u>

## Options granted during the year

Options granted in the year are set out below. Fair value was measured using the Black-Scholes model.



**23 Share-based payments (Continued)**

	<b>2021</b>	<b>2020</b>
-Stock value	0.75p	0.75p
-Expected volatility	101-102%	101-102%
-Expected life	50% of contractual term	
-Risk free rate	-0.01 %-0.02%	-0.01 %-0.02%
-Expected dividends yields	0%	0%

**Options outstanding**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>2021 Number</b>	<b>2020 Number</b>
20 November 2020	19 November 2030	5.35 pence	33,507,117	33,551,645
1 July 2021	1 July 2031	5.35 pence	6,400,000	-
15 December 2021	15 December 2031	5.35 pence	2,813,072	-
			<u>42,720,189</u>	<u>33,551,645</u>

At 31 December 2021, the company had equity settled share based payment arrangements with certain employees. The agreements entitle each employee to acquire shares in the company subject to the vesting conditions, which require that each employee completes a specified period of service. The maximum term of options granted is 10 years.

**Expenses**

Related to equity settled share based payments	<u>109,343</u>	<u>58,308</u>
--	----------------	---------------

**24 Contingent liabilities**

As at 31 December 2021, the Company had no contingent liabilities (31 December 2020: None).

**Contingent assets**

The Company had no contingent assets as at 31 December 2021 and 31 December 2020.

**25 Capital risk management**

The company is not subject to any externally imposed capital requirements.

**26 Financial Risk Management**

**Financial risk management objectives**

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company's policy is not to trade in or use derivatives to hedge its risks.

The Company's Board of Directors (the 'Board') has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all workplace participants understand their roles and obligations.

**Market risk**

**Foreign currency risk**

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Company's exposure to foreign currency risk relates to foreign currency receivables and payables as well as foreign currency sales. The Company does not hold any foreign currency contracts.

**Price risk**

The Company is not exposed to any significant price risk.

26 **Financial Risk Management**

(Continued)

**Interest rate risk**

Interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk. At the reporting date, the Company had no variable interest rate borrowings.

At the reporting date, the Company had fixed rate convertible note liabilities. Cash at bank earns interest at floating rates based on daily bank deposit rates.

No sensitivity analysis has been performed since interest rate risk is considered to be immaterial.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward- looking information that is available.

Generally, 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.

Trade and other receivables that are overdue are considered to be of high credit quality. Refer to note 13 for aging of trade and other receivables.

**Liquidity risk**

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

## 27 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month £	1 – 3 months £	3 months to 1 year £	1 – 5 years £	Total £
<b>At 31 December 2020</b>					
Trade payables	403,874	-	-	-	403,874
Lease liabilities	12,500	37,500	100,000	550,000	700,000
Borrowings	-	-	-	696,418	696,418
	<u>416,374</u>	<u>37,500</u>	<u>100,000</u>	<u>1,246,418</u>	<u>1,800,292</u>
<b>At 31 December 2021</b>					
Trade payables	523,301	-	-	-	523,301
Lease liabilities	15,417	46,250	126,667	540,000	728,334
Borrowings	740,241	-	-	-	740,241
Convertible loan notes	1,115,991	-	-	-	1,115,991
	<u>2,394,950</u>	<u>46,250</u>	<u>126,667</u>	<u>540,000</u>	<u>3,107,867</u>

## 28 Events after the reporting date

**Acquisition by Intelligent Bio Solutions Inc. (“INBS”) (formerly known as GBS Inc.)**

On 4 October 2022, Intelligent Bio Solutions Inc. (“INBS”) acquired the company. Under the terms of the transaction, INBS has issued 2,963,091 shares of INBS Common Stock and 2,363,003 shares of Series C Convertible Preferred Stock (“Preferred Stock”) to the shareholders of the company.

A further amount of up to 500,000 shares of Preferred Stock have been reserved for issuance to shareholders of, and lenders to, the company subject to the terms of the transaction documents. Subject to an affirmative vote of INBS shareholders, each share of Preferred Stock is convertible into three shares of INBS Common Stock.

The former shareholders of the company have entered into a twelve-month lock-up agreement on sales of INBS Preferred Stock and Common Stock issued pursuant to this transaction. The former majority shareholders of the company have the right to appoint two board members to the board of INBS, subject to satisfaction of certain requirements.

**Non-conversion of convertible loans**

Subsequent to the reporting date, the convertible loan (see note 16) remained outstanding while the company proceeded with acquisition negotiations with INBS. During this period the loan notes accrued interest at a daily compound rate of 17%. As part of the acquisition in October 2022, the interest rate was reduced to 17% compound annual interest until the preference shares are approved for conversion to common stock. All convertible loans remain outstanding as at the date of this financial report.

**Renegotiation of borrowings**

Subsequent to the reporting date, the company's borrowings (see note 14) were renegotiated such that the unpaid principal balance of the loan will accrue interest at a rate of 0.97% per annum, with the following payments offset against the balance:

- 10% of the company's monthly worldwide gross revenue received in the preceding month; plus
- Provision of up to £50,000 of inventories to the lender; and
- 50% of any subsequent sales by the company to the lender.

An amount of £615,597 remains outstanding as at the date of this financial report.

**29 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2021	2020
	£	£
Short-term employee benefits	628,249	663,458
Long-term employee benefits	31,413	33,173
Share-based payments	97,888	777,803
	<u>757,550</u>	<u>1,474,434</u>

**30 Cash absorbed by operations**

	2021	2020
	£	£
Loss for the year before income tax	(1,500,724)	(1,942,919)
<b>Adjustments for:</b>		
Finance costs	150,644	107,518
Investment income	(219)	(328)
Amortisation and impairment of intangible assets	53,168	49,009
Depreciation and impairment of property, plant and equipment	192,236	226,203
Equity settled share based payment expense	109,343	58,308
<b>Movements in working capital:</b>		
Increase in inventories	(554,395)	(142,730)
Decrease in trade and other receivables	4,014	186,769
Increase in trade and other payables	85,026	89,405
<b>Cash absorbed by operations</b>	<u>(1,460,907)</u>	<u>(1,368,765)</u>

**Intelligent Bio Solutions Inc. and Intelligent Fingerprinting Limited Pro Forma Condensed Consolidated Combined Financial Statements**

The following unaudited pro forma condensed consolidated combined balance sheets as of September 30, 2022 and the unaudited pro forma condensed consolidated combined statements of operations for the year ended June 30, 2022 and for the three months ended September 30, 2022 are based on the historical consolidated financial statements of Intelligent Bio Solutions Inc. (“INBS”) and Intelligent Fingerprinting Limited (“IFP”) as adjusted to give effect to the October 4, 2022 acquisition of IFP by INBS (the “Acquisition”). The Acquisition has been accounted for using the acquisition method of accounting and assuming a purchase price of \$7,224,404 funded by a cash consideration of \$ 868,438 and the issuance of the Company’s common shares and preferred shares of \$6,355,966. The Company incurred transaction costs of \$806,397 for the Acquisition.

Under the acquisition method of accounting, the total purchase price presented in the accompanying unaudited pro forma condensed consolidated combined financial statements was allocated to the assets acquired based on their fair values assuming the transaction occurred on September 30, 2022 with respect to the balance sheet and as of July 1, 2021 with respect to the statements of operations for the three months ended September 30, 2022 and the year ended June 30, 2022. The excess of the purchase price over the total of estimated fair values assigned to tangible and identifiable intangible assets acquired is recognized as goodwill.

The unaudited pro forma condensed consolidated combined financial statements do not necessarily reflect what the combined company’s financial condition or results of operations would have been had the Acquisition occurred on the dates indicated. The unaudited pro forma condensed consolidated combined financial statements and the underlying pro forma adjustments are based upon currently available information and include certain estimates and assumptions made by management; accordingly, actual results could differ materially from the pro forma information. Management believes the assumptions provide a reasonable and supportable basis for presenting the estimated significant effects of the arrangement. The unaudited pro forma condensed consolidated combined financial statements is provided for illustrative purposes only and may or may not provide an indication of results in the future.

The unaudited pro forma condensed consolidated combined financial statements, including the notes thereto, should be read in conjunction with INBS’ historical consolidated financial statements for the year ended June 30, 2022, included in our Annual Report on Form 10-K.

---

**Intelligent Bio Solutions Inc. (INBS)**  
**Unaudited Pro Forma Combined Balance Sheet**  
**As of September 30, 2022**

	<u>INBS</u>	<u>IFP</u>	<u>Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
	<u>(Unaudited)*</u>	<u>(Unaudited)/ Note 1</u>		<u>(Note 3)</u>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,742,626	\$ 164,848	\$ (181,750)	(a)	\$ 5,725,724
Deferred charges	300,000	-	(300,000)	(f)	-
Inventory	-	764,377	-		764,377
Grant receivable, current portion	1,443,939	-	-		1,443,939
Research and development tax incentive receivable	571,860	-	-		571,860
Restricted cash	-	-	-		-
Other current assets	148,927	356,025	-		504,952
Total current assets	<u>8,207,352</u>	<u>1,285,250</u>	<u>(481,750)</u>		<u>9,010,852</u>
Property and equipment, net	-	51,353	-		51,353
Intangible assets, net	-	919,684	4,543,316	(b)	5,463,000
Long-term grant receivable	1,031,384	-	-		1,031,384
Construction in progress	416,029	-	-		416,029
Goodwill	-	-	3,803,293	(e)	3,803,293
Other non-current assets	504,938	-	(504,938)	(c)	-
<b>TOTAL ASSETS</b>	<u>\$ 10,159,703</u>	<u>\$ 2,256,287</u>	<u>\$ 7,359,921</u>		<u>\$ 19,775,911</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,038,545	\$ 1,153,067	\$ 609,760	(a), (f), (g)	\$ 2,801,372
Related party payables	-	-	-		-
Current portion of deferred grant income	2,573,163	-	-		2,573,163
Current employee benefit liabilities	299,686	-	-	-	299,686
Convertible notes payable	-	1,446,309	204,808	(h)	1,651,117
Notes payable, current portion	-	1,157,633	(504,938)	(c)	652,695
Total current liabilities	<u>3,911,394</u>	<u>3,757,009</u>	<u>309,630</u>		<u>7,978,033</u>
Employee benefit liabilities	20,791	-	-		20,791
Long-term deferred grant income	1,031,384	-	-		1,031,384
Total liabilities	<u>4,963,569</u>	<u>3,757,009</u>	<u>309,630</u>		<u>9,030,208</u>
Commitments and contingencies					
Shareholders' equity:					
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, 2,863,003 shares issued and outstanding at September 30, 2022	-	-	28,630	(d)	28,630
Common stock, \$0.01 par value, 100,000,000 shares authorized, 17,852,995 shares issued and outstanding at September 30, 2022	148,899	6,467	23,164	(d)	178,530
Additional paid-in capital	38,440,011	29,364,758	(23,067,053)	(d)	44,737,716
Accumulated deficit	(32,384,146)	(31,094,221)	30,287,824	(d), (f)	(33,190,543)
Accumulated other comprehensive loss	(923,694)	222,274	(222,274)	(d)	(923,694)
Total consolidated Intelligent Bio Solutions Inc. equity	<u>5,281,070</u>	<u>(1,500,722)</u>	<u>7,050,291</u>		<u>10,830,639</u>
Non-controlling interest	(84,936)	-	-		(84,936)
Total shareholders' equity	<u>5,196,134</u>	<u>(1,500,722)</u>	<u>7,050,291</u>		<u>10,745,703</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 10,159,703</u>	<u>\$ 2,256,287</u>	<u>\$ 7,359,921</u>		<u>\$ 19,775,911</u>

\*\*\* Refer to unaudited 10-Q of September 30, 2022 for INBS Inc.

**Intelligent Bio Solutions Inc. (INBS)**  
**Unaudited Pro Forma Combined Statement of Operations**  
**For the Year Ended June 30, 2022**

	<u>INBS</u> <u>(Audited)*</u>	<u>IFP</u> <u>(Unaudited)/</u> <u>Note 1</u>	<u>Adjustments</u>	<u>Notes</u> <u>(Note 3)</u>	<u>Pro Forma</u>
Revenue	-	1,564,224	-		1,564,224
Cost of revenue	-	2,869,348	-		2,869,348
Gross profit	-	(1,305,124)	-		(1,305,124)
Other income:					
Government support income	437,146	380,996	-		818,142
Shared services	-	-	-		-
Operating expenses:					
General and administrative expenses	4,920,103	1,792,871	1,030,734	(i)	7,743,708
Development and regulatory approval expenses	3,853,919	-	-		3,853,919
Prospectus and capital raising expenses	-	-	-		-
Total operating expenses	<u>8,774,022</u>	<u>1,792,871</u>	<u>1,030,734</u>		<u>11,597,627</u>
Loss from operations	(8,336,876)	(2,716,999)	(1,030,734)		(12,084,609)
Other income (expense):					
Interest (expense)	(7,539)	(165,583)	-		(173,122)
(Loss) from unconsolidated equity method investment	-	-	-		-
Realized foreign exchange income (loss)	(3,987)	(1,310)	-		(5,297)
Interest income	14,426	262	-		14,688
Total other income (expense)	<u>2,900</u>	<u>(166,631)</u>	<u>-</u>		<u>(163,731)</u>
Loss before income taxes	(8,333,976)	(2,883,630)	(1,030,734)		(12,248,340)
Income taxes	-	-	-		-
Net loss	(8,333,976)	(2,883,630)	(1,030,734)		(12,248,340)
Net loss attributable to non-controlling interest	(27,925)	-	-		(27,925)
Net loss attributable to Intelligent Bio Solutions Inc.	<u>(8,306,051)</u>	<u>(2,883,630)</u>	<u>(1,030,734)</u>		<u>(12,220,415)</u>
Other comprehensive loss, net of tax:					
Foreign currency translation loss	(126,875)	3,440	-		(123,435)
Total other comprehensive loss	<u>(126,875)</u>	<u>3,440</u>	<u>-</u>		<u>(123,435)</u>
Comprehensive loss	(8,460,851)	(2,880,190)	(1,030,734)		(12,371,775)
Comprehensive loss attributable to non-controlling interest	(27,925)	-	-		(27,925)
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	<u>(8,432,926)</u>	<u>(2,880,190)</u>	<u>(1,030,734)</u>		<u>(12,343,850)</u>
Net loss per share, basic and diluted	\$ (0.57)	-	\$ (0.35)		\$ 0.70
Weighted average shares outstanding, basic and diluted	14,665,263	-	2,963,091	(j)	17,628,354

\*' Refer to audited 10-K for June 30, 2022 for INBS Inc.



**Intelligent Bio Solutions Inc. (INBS)**  
**Unaudited Pro Forma Combined Statement of Operations**  
**For the Three Months Ended September 30, 2022**

	<u>INBS</u>	<u>IFP</u>	<u>Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
	(Unaudited)*	(Unaudited) / Note 1		(Note 3)	
Revenue	-	347,486	-		347,486
Cost of revenue	-	648,956	-		648,956
Gross profit	-	(301,470)	-		(301,470)
Other income:					
Government support income	311,320	-	-		311,320
Shared services	-	-	-		-
Operating expenses:					
General and administrative expenses	1,450,418	412,239	259,508	(k)	2,122,165
Development and regulatory approval expenses	79,274	-	-		79,274
Prospectus and capital raising expenses	-	-	-		-
Total operating expenses	<u>1,529,692</u>	<u>412,239</u>	<u>259,508</u>		<u>2,201,439</u>
Loss from operations	(1,218,372)	(713,709)	(259,508)		(2,191,589)
Other income (expense):					
Interest (expense)	(1,065)	(266,974)	-		(268,039)
(Loss) from unconsolidated equity method investment	-	-	-		-
Realized foreign exchange income (loss)	(2,247)	(1,364)	-		(3,611)
Interest income	7,606	-	-		7,606
Total other income (expense)	<u>4,294</u>	<u>(268,338)</u>	<u>-</u>		<u>(264,044)</u>
Loss before income taxes	(1,214,078)	(982,047)	(259,508)		(2,455,633)
Income taxes	-	-	-		-
Net loss	(1,214,078)	(982,047)	(259,508)		(2,455,633)
Net loss attributable to non-controlling interest	<u>(5,785)</u>	<u>-</u>	<u>-</u>		<u>(5,785)</u>
Net loss attributable to Intelligent Bio Solutions Inc.	<u>(1,208,293)</u>	<u>(982,047)</u>	<u>(259,508)</u>		<u>(2,449,848)</u>
Other comprehensive loss, net of tax:					
Foreign currency translation loss	(135,559)	208,437	-		72,878
Total other comprehensive loss	(135,559)	208,437	-		72,878
Comprehensive loss	<u>(1,349,637)</u>	<u>(773,610)</u>	<u>(259,508)</u>		<u>(2,382,755)</u>
Comprehensive loss attributable to non-controlling interest	<u>(5,785)</u>	<u>-</u>	<u>-</u>		<u>(5,785)</u>
Comprehensive loss attributable to Intelligent Bio Solutions Inc.	<u>(1,343,852)</u>	<u>(773,610)</u>	<u>(259,508)</u>		<u>(2,376,970)</u>
Net loss per share, basic and diluted	\$ (0.08)	-	\$ (0.09)		\$ (0.13)
Weighted average shares outstanding, basic and diluted	14,889,904	-	2,963,091	(l)	17,852,995

‘\*’ Refer to unaudited 10-Q for September 30, 2022 for INBS.

## Note 1 – Basis of Presentation

On October 4, 2022, INBS entered into a Share Exchange Agreement (the “Acquisition Agreement”) with IFP whereby INBS will acquire all of the issued and outstanding shares of IFP from IFP’s shareholders. The total purchase price of \$7,224,404 consists of cash consideration of \$868,438 and rollover equity with a fair value of \$6,355,966. 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 Combination.

INBS and IFP have different fiscal quarter and year ends. INBS follow a fiscal year ending on June 30, however, IFP follows a fiscal calendar year ending on December 31. Accordingly, the unaudited pro forma condensed combined statement of operations for the fiscal year ended June 30, 2022, combines the historical results of (i) INBS for the twelve months period ended June 30, 2022, and (ii) IFP for the six months period July 1, 2021, to December 31, 2021, and six months period January 1, 2022, to June 30, 2022. The unaudited pro forma condensed combined statement of operations for the three months ended September 30, 2022, combines the historical results of (i) INBS for the three months period ended September 30, 2022, and (ii) IFP for the three months period July 1, 2022, to September 30, 2022. We have used balance sheet at September 30, 2022 for the purpose of preparing the unaudited pro forma condensed combined balance sheet as of September 30, 2022.

The unaudited pro forma condensed consolidated combined balance sheet as of September 30, 2022, and the unaudited pro forma condensed consolidated combined statements of operations for the year ended June 30, 2022 and for the three months ended September 30, 2022 are based on the historical financial statements of INBS after giving effect to the acquisition of IFP (the “Acquisition”) using the acquisition method of accounting. In conjunction with the Acquisition, we may incur future restructuring expenses and transaction costs that are not included in the pro forma condensed consolidated combined financial statements.

The unaudited pro forma condensed consolidated combined balance sheet as of September 30, 2022, is presented as if the Acquisition occurred on September 30, 2022. The unaudited pro forma condensed consolidated combined statements of operations for the year ended June 30, 2022, and for the three months ended September 30, 2022, are presented as if the Acquisition had taken place on July 1, 2021.

The unaudited pro forma financial statements for IFP are prepared in accordance with US GAAP and translated into USD. During the preparation of unaudited pro forma condensed combined financial information, INBS management performed an analysis to identify differences in accounting and methodologies between INBS and IFP. Such differences were considered immaterial, other than the lease adjustment. IFP has adopted the lease accounting standard under IFRS, however, INBS is yet to adopt Leases (“ASU 2016-02) as it 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. No other related adjustments have been made in the preparation of this unaudited pro forma condensed combined financial information. INBS management will continue to conduct reviews of IFP’s accounting policies and methodologies and may identify differences that, when adjusted or reclassified, could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed consolidated combined financial information is based on estimates and assumptions which have been made solely for purposes of developing such pro forma information.

## Note 2 – Preliminary purchase price allocation

On October 4, 2022, INBS acquired IFP for total consideration of \$7,224,404, consisting of cash consideration of \$868,438 and equity consideration of \$6,355,966. The following table sets forth a preliminary estimate of the fair value of the assets acquired and liabilities assumed by INBS Inc., reconciled to the total estimated consideration transferred:

<b>Allocation of purchase consideration</b>	<b>Carrying amount*</b>	<b>PPA adjustments</b>	<b>Total Purchase Price Allocation</b>	<b>Note</b>
Cash and cash equivalents	174,481	-	174,481	
Inventory	774,625	-	774,625	
Other current assets	345,038	-	345,038	
Property and Equipment	52,170	-	52,170	
Intangible assets	934,297	(934,297)	-	(A)
Customer relationships	-	252,000	252,000	(B)
Technology	-	5,119,000	5,119,000	(B)
Trade names and trademarks	-	92,000	92,000	(B)
Goodwill	-	3,803,293	3,803,293	(C)
<b>Total assets acquired</b>	<b>2,280,611</b>	<b>8,331,996</b>	<b>10,612,607</b>	
Accounts payable and accrued expenses	(1,105,689)	78,387	(1,027,302)	(D)
Notes payable	(1,182,075)	504,938	(677,137)	(E)
Convertible notes payable	(1,478,956)	(204,808)	(1,683,764)	(F)
<b>Total liabilities assumed</b>	<b>(3,766,720)</b>	<b>378,517</b>	<b>(3,388,203)</b>	
<b>Purchase consideration</b>			<b>7,224,404</b>	

\* There is some immaterial difference between the carrying amount noted on this table and Unaudited Pro Forma Combined Balance Sheet as at September 30 2022. This is largely due to the forex difference between September 30, 2022 and acquisition date of October 4, 2022.

(A) Adjustment to eliminate the current book value of intangibles.

(B) Adjustment to reflect the fair value of customer relationships, technology, trade names and trademarks. Refer note 3.

(C) Difference between the purchase consideration and the fair value of the assets acquired less the fair values of the liabilities assumed.

(D) Adjustment to eliminate the deferred rent liability.

(E) Adjustment to eliminate the loan between INBS Inc. and IFP.

(F) Adjustment to reflect the fair value of convertible notes payable pursuant to the change in the terms of the loan agreements entered with convertible note holders upon the signing of the Share exchange agreement. Refer to 8-K announcement for more details.

### Note 3 – Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited condensed consolidated combined financial information:

*Adjustments to the unaudited pro forma condensed consolidated combined balance sheet at September 30, 2022:*

- (a) Reflects cash paid at acquisition of \$181,750 and increase in accounts payable for the subsequent cash payment \$181,750 due 6 months after closing.
- (b) Reflects fair value adjustment of \$4,543,316 for intangible assets. It includes reversal of existing book value of \$919,684 and recognition of new intangibles of \$5,463,000. The developed technology and customer relationship intangible assets have been valued using a cost approach and the trademarks and tradenames intangible asset has been valued using the relief from royalty method. The fair values and estimated useful lives of the identifiable intangible assets acquired are as follows:

	Fair Value	Useful Life
Customer relationships	\$ 252,000	3
Technology	\$ 5,119,000	5
Trade names and trademarks	\$ 92,000	Indefinite
<b>Total</b>	<b>\$ 5,463,000</b>	

- (c) Reflects the elimination of a bridge loan facility of \$504,938 outstanding at the Acquisition, which has been treated as initial cash consideration in accordance with *ASC 805 Business Combinations*.
- (d) Represents the write-off of the IFP's book value of equity of \$1,500,722 and issuance of 2,963,091 shares of common stock valued at \$1,630,293 and 2,863,003 shares of series C preferred stock value at \$4,725,673.
- (e) Reflects \$3,803,293 of goodwill which represents the excess of the purchase price over the fair value of the assets acquired as if the Acquisition occurred on September 30, 2022.
- (f) Reflects transaction costs incurred for the Acquisition, including legal fees of \$300,000 paid prior to acquisition and financial advisory fees of \$506,397 payable after the closing of the Acquisition.
- (g) Reflects the elimination of deferred rent of \$78,387.
- (h) Reflects the adjustment of \$204,808 the convertible notes to arrive at fair value.

*Adjustments to the unaudited pro forma condensed consolidated combined statement of operations for the year ended June 30, 2022:*

- (i) Reflects the estimated additional amortization expense of \$1,030,734 related to the valuation of acquired intangible assets for the year ended June 30, 2022. It also represents the adjustments to record amortization expense related to the increased basis of acquired intangible assets of IFP which have been recorded at estimated fair value on a pro forma basis and will be amortized, on a straight-line basis, over their estimated useful lives, as if the acquisition had occurred at the beginning of the earliest period. The acquired intangibles assets are discussed in Note (b) above.
- (j) Addition to basic and diluted weighted average number of shares outstanding to reflect the 2,963,091 common shares issued as part of the Acquisition consideration. The calculation of weighted average shares outstanding for basic and diluted earnings per share assumes that the shares issuable relating to the arrangement have been outstanding for the entire year as if the Acquisition transaction occurred on July 1, 2021.

*Adjustments to the unaudited pro forma condensed consolidated combined statement of operations for the three months ended September 30, 2022:*

- (k) Reflects the estimated additional amortization expense of \$259,508 related to the valuation of acquired intangible assets for the months ended September 30, 2022. It also represents the adjustments to record amortization expense related to the increased basis of acquired intangible assets of IFP which have been recorded at estimated fair value on a pro forma basis and will be amortized, on a straight-line basis, over their estimated useful lives, as if the acquisition had occurred at the beginning of the earliest period. The acquired intangibles assets are discussed in Note (b) above.
  - (l) Addition to basic and diluted weighted average number of shares outstanding to reflect the 2,963,091 common shares issued as part of the Acquisition consideration. The calculation of weighted average shares outstanding for basic and diluted earnings per share assumes that the shares issuable relating to the arrangement have been outstanding for the entire quarter as if the Acquisition transaction occurred on July 1, 2021.
-