

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines



A California corporation

330 E. Orangethorpe Avenue, Suite D, Placentia, CA 92870
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SIC Code: Primary: 2835

Quarterly Report

For the Period Ending: June 30, 2022 (the
"Reporting Period")

As of June 30, 2022, the number of shares outstanding of our Common Stock was: 22,759,809
As of March 31, 2022, the number of shares outstanding of our Common Stock was: 22,759,809 As
of September 30, 2021, the number of shares outstanding of our Common Stock was: 22,759,809

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

InVitro International

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InVitro International
QUARTERLY REPORT

All information contained in this Report has been compiled to fulfill the disclosure requirements of Rule 15c2-11 (a)(5) promulgated under the Securities and Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the rule.

No dealer, salesman or any other person has been authorized to give any information or to make any representations not contained herein in connection with the Issuer. Any representations not contained herein must not be relied upon as having been made or authorized by the Issuer.

Delivery of this information does not imply that the information contained herein is correct as of any time subsequent to the date of this Issuers Report.

ITEM 1. THE EXACT NAME OF THE ISSUER AND ITS PREDECESSORS

The exact name address of the Issuer is: InVitro International (hereinafter referred to as “IVRO”, “Issuer” or “Company”).

Current status of incorporation with the State of California: Active: ☒ Default: ☐ Inactive: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None; There have not been any suspension orders issued with respect to the trading of the Company’s common stock during the past 12 months or at any other time in the past. The Company’s shares have traded publicly since 1991.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: None

The address of the issuer’s principal executive office:
330 E. Orangethorpe Avenue, Suite D, Placentia, CA 92870

The address of the issuer’s principal place of business:
Check box if principal executive office and principal place of business are the same address: ☒

Predecessor entities since inception and dates of name changes: The Company was incorporated in California on September 19, 1985 under the name Cherchez Corp. On October 22, 1985, the Company changed its name to National Testing Corporation. On October 19, 1989, the Company changed its name to Ropak Laboratories. On April 1, 1992, the Company changed its name to InVitro International and has not used any other names since.

Has the issuer of any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

ITEM 2. SECURITY INFORMATION

Trading symbol: The Company’s trading symbol is IVRO

The Company’s CUSIP: The Company’s CUSIP is 461853103 (common stock)

Par or Stated Value: The Company’s Common Stock has no par value.

Shares Authorized/ Outstanding:

<u>Class</u>	<u>Period End Date</u>	<u>Shares Authorized</u>	<u>Shares Outstanding</u>	<u>Freely Tradable Shares (Float)</u>	<u>Total Number of Shareholders of Record</u>
Common	June 30, 2022	40,000,000	22,759,809	15,238,629	339
Preferred ⁽¹⁾	June 30, 2022	1,000,000	0	0	0

(1) The Company currently has 1,000,000 shares of no-par preferred stock authorized. The shares may be issued in the future in one or more series as determined by the Company's Board of Directors. No shares of preferred stock are outstanding. Prior to issuance, the Board of Directors may set the dividend rate, the cumulative or non-cumulative nature of the dividends, and the redemption, liquidation, conversion and voting rights of the shares.

The Company also has one stock option plan whereby incentive stock options or nonqualified stock options ("Options") may be granted to employees, directors, officers, and others to purchase shares of the Company's common stock ("Shares"). The options are exercisable at prices which equal or exceed the fair value of the Company's common stock at the date of grant. The option exercise price may be payable in cash or shares of previously owned Company stock (if any) (valued by a committee of the Board of Directors). Options granted pursuant to the plan vest and expire according to the terms of each option agreement. At December 31, 2020, this plan had 1,800,000 outstanding options that were granted on August 12, 2020.

On August 12, 2020 (the "Grant Date") the company granted 1,800,000 incentive stock options to the President of the Company. These options vest 300,000 shares per year over a 6-year period ("Installment"). Installments shall vest to the 300,000 shares annually up to 1,800,000 options. The options shall expire, and all rights hereunder to purchase the shares shall terminate, 5 years from the vesting date.

Transfer Agent

Pacific Stock Transfer

Attn: Joslyn Claiborne, Managing Director

6725 Via Austi Pkwy, Suite 300

Las Vegas, Nevada 89119

Phone - 702.361.3033 ext.102

Toll Free - 800.785.PSTC (7782)

jclaiborne@pacificstocktransfer.com

Is the Company's transfer agent registered under the Exchange Act: Yes: ☒ No: ☐

ITEM 3. ISSUANCE HISTORY

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☒

Shares outstanding as of Second Most Recent Fiscal Year End: September 30, 2020	<u>Opening Balance:</u> Common: <u>22,759,809</u> Preferred: 0								
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
3/16/18	New Issuance	612,500	common	n/a	n/a	N. Fraley Jr.	n/a (1)	Restricted	4(a)(2)
3/28/18	New Issuance	61,250	common	\$0.05	no	N. Fraley Jr.	Consulting Services	Restricted	4(a)(2)
3/16/18	Cancellation	612,500	common	n/a	n/a	N. Fraley Jr.	n/a (1)	--	--
12/2/19	New Issuance	243,750	common	\$nil	Yes (Fmv \$0.08)	Ronald H. Coelyn	Services Fee (Recruitment)	Restricted	4(a)(2)
12/10/19	New Issuance	500,000	Common	\$0.075	No	Atul Jhalani	Executive Compensation	Restricted	4(a)(2)
Shares Outstanding on Date of This Report: August 1, 2022	<u>Ending Balance:</u> Common: <u>22,759,809 (2)</u> Preferred: 0								

- (1) On March 16, 2018, the Company issued 61,250 shares to N. Fraley Jr. for Consulting Services. Mistakenly, an extra 0 was added resulting in 612,500 shares being issued. This was corrected on March 28, 2018, by the issuance of the correct number of shares and the cancellation of the 612,500 shares issued by mistake.
- (2) **SEE NOTE 7 – SHAREHOLDERS’ EQUITY (3/31/2022) Financials – Repurchase of common stock and reconciliation of outstanding shares of common stock.**

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes or convertible debentures or any other debt instruments that may be converted into a class of the issuer’s equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

ITEM 4. FINANCIAL STATEMENTS

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)¹:

Name: Cathy L. Richmond
Title: CFO
Relationship to Issuer: CFO

Name: PDM LLP
Title: Independent auditor
Relationship to Issuer: CPA

The Financial Statements required by this Item 4 are attached hereto as Appendix 1, beginning on page 12, and are incorporated herein by reference.

¹ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

ITEM 5. ISSUER'S BUSINESS, PRODUCTS, AND SERVICES

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

InVitro International, Inc. (the "Company"), headquartered in Placentia, California, was founded in 1985 and is a customer and technology-driven provider of non-animal testing methods. The Company's testing technologies are designed to produce data regarding corrosivity, or ocular/dermal irritation, which correlate with animal and human test results. This technology is commercialized through test kits and laboratory services globally.

The Company is a pioneer in the field of non-animal testing and was first to develop and commercialize its flagship product Corrositex® in 1991. The global regulatory bodies that govern non-animal testing did not exist at the time. These regulatory bodies started to evolve in early 2000's and then consolidated into a more robust global regulatory system in the last few years. Organization for Economic Co-operation and Development (OECD) is the foremost such regulatory body today with 37 member countries, including the US, and covers more than 80% of the world of commerce.

In 2014, Corrositex® was adopted by OECD, with the publication of Test Guideline (TG) 435. Following this regulatory approval, Corrositex®, became Global Harmonization System (GHS) accepted as a full replacement for animal test results virtually everywhere in the world of commerce. The OECD/European Centre for the Validation of Alternative Methods (ECVAM), Transport Canada, U.S. DOT, EPA, OSHA, Consumer Product Safety Commission, FDA, and the International Air Transport Authority (IATA) all have accepted Corrositex® as an alternative as well.

In November 2019, the OECD published Test Guideline (TG) 496, the final step in the adoption of the Company's now 30-year-old core technology, Ocular Irritation® (OI). OI thus completes an eleven-year effort to become the first 100% animal free ocular irritancy test method to be OECD accepted, validated and adopted for 38 countries, including the U.S.

Each of the above-mentioned Regulatory Advancements are the result of many years in a strategic alliance with INT.E.G.RA in Italy. The Company partnership sells and distributes both laboratory test results and kits in Italy and several European markets. In addition, the partnership coordinates and facilitates regulatory approvals and acceptances from authorities and agencies within the OECD. The Company has over a dozen testing laboratory partnerships globally to help commercialize its technology.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

None.

- C. Describe the issuers' principal products or services, and their markets

Products and Services

The Company produces and sells in vitro assay kits to detect, rank and predict the potential level of irritancy, toxicity or corrosivity of substances on human eye (ocular) and/or skin tissue (dermal). It sells its products direct to customers, independent partner laboratories, and agents in the United States, Europe, Latin America and Asia. It also conducts laboratory testing for those customers who prefer not to conduct their own tests.

An ‘in vitro’ assay measures a substance of clinical interest without the use of live animal tissue. In vitro is Latin for “in glass.” Tests using live animal tissue are known as “in vivo” (Latin for “in living”). Toxicity testing traditionally required the use of live animals or living animal tissue as a means of predicting the effect of various substances on human tissue. In recent years, in vitro tests have become Regulatory accepted substitutes for some in vivo testing due to increased social concerns of using animals as test subjects, provided the in vitro tests can be validated statistically to be as accurate as in vivo testing.

The Company sells three proprietary in vitro products: (1) Ocular Irritection® used to evaluate the potential for ocular irritation; (2) Irritection® Dermal used to evaluate the potential for dermal irritation; and (3) Corrositex® used to determine corrosivity level classifications within regulatory guidelines that are applicable to the transport and storage of chemicals, formulations and hazardous waste.

These unique assays are principally used by manufacturers to verify product safety of consumer, household and industrial products, to comply with transportation and environmental regulations and to assist in evaluation of workplace safety.

The Corrositex® assay has been marketed since 1991 and the Irritection® assays have been marketed since 1989. All three test methods are currently marketed by Company internal personnel through industry contacts, standard advertising and a strategic alliance with INT.E.G.RA in Italy, which sells and distributes the Company’s test kits and laboratory testing services in Italy and several European markets. The Company has over a dozen testing laboratory partnerships globally to help commercialize its technology. The Company has recently initiated a targeted social media marketing program to increase global awareness of the increased viability and availability of alternatives to animal testing.

When compared to conventional animal testing, the Company's test methods require significantly less time, produce quantitative results which are consistently reproducible, cost effective, and are more humane. Through use of its testing technologies, the Company has accumulated a database of several thousand chemicals and formulations tested that validate the efficacy of the Company's proprietary methodology when compared to in vivo testing.

Transportation Regulations -Background

The United Nations (“UN”) has guidelines for classifying corrosive substances into four Packing Groups (Groups I, II or III), and noncorrosive. These groups are known as the UN Packing Groups. The UN guidelines have been implemented as regulations by the United States Department of Transportation (“DOT”). Shippers must certify the proper Packing Group classification for their materials to their packaging supplier and must use packaging and markings that comply with the regulations. Packaging, labeling and transportation requirements are more stringent and expensive for substances classified as Packing Group I or II than for Packing Group III or noncorrosive materials. Proper packaging is required to comply with DOT regulations to avoid fines and/or civil liability in the event of an accident or spill while the materials are in transit and to permit safer cleanup in the event of a spill.

In addition to UN Packing Groups, the UN also has set guidelines for ensuring the safe production, transport, handling, use and disposal of hazardous materials known as the Globally Harmonized System for Classification and Labeling of Chemicals (“GHS”). The United States’ Occupational Safety & Health Administration (“OSHA”) adopted GHS in 2012. To date, over **65 countries** have adopted GHS or are in the process of adopting GHS. The most noticeable changes brought by GHS for most organizations will be changes to safety labels, safety data sheets and chemical classifications. There is no set time during which countries must adopt GHS. Utilizing the Company’s Corrositex® assay enables manufacturers to comply with GHS and UN Packaging Groups.

Recent Developments

In 2014, the Company’s Corrositex® assay became GHS accepted as a full replacement for animal test results. The Organization for Economic Co-Operation and Development (OECD), which is comprised of 38 member countries, Transport Canada, DOT, OSHA, the Consumer Product Safety Commission, the Food and Drug Administration and the International Air Transport Authority have also accepted Corrositex® as a full replacement test. OECD determined that Corrositex® is the only non-animal corrosivity test which classifies, with 96%+ accuracy, U.N. Packing Groups I, II, III, and noncorrosive as well as their GHS equivalents.

In November 2019, the OECD published Test Guideline (TG) 496, the final step in the adoption of the Company’s now 30 years old core technology, Ocular Irritation® (OI). OI thus completes an eleven-year-old effort to become the first 100% animal free ocular irritancy test method to be OECD accepted, validated, and adopted for 38 countries, including the US.

Technology

The Company's proprietary technology for eye and skin irritation testing is based upon the formulation of protein reagents used in conjunction with a porous membrane disc delivery system. This delivery system allows test substances to gradually diffuse and come into contact with the reagent. When exposed to potentially toxic or irritating compounds, the protein reagents become opaque, and accordingly mimic the biochemical reactions of proteins found in human eye and skin cells that are injured by irritant substances. Results are objectively measured and quantified using an adapted plate reader and proprietary software developed by the Company.

The proprietary Corrositex® technology is based upon a similar bio-barrier membrane system and a chemical detection system. When exposed to a corrosive substance, the time to permeate a bio-barrier membrane is correlated with the degree of tissue injury that would occur in a standard in vivo corrosives test. When a corrosive substance permeates the bio-barrier membrane, it causes a color change in the chemical detection system, thereby enabling the membrane "breakthrough" time to be determined.

Proprietary Rights

The Company maintains trade secrets and also holds trademarks in the United States and abroad.

Legal Proceedings

The Company may be a party to legal proceedings from time to time in the ordinary course of its business. No such proceedings are pending at the present time.

Miscellaneous

The Company was incorporated in California on September 19, 1985. Its fiscal year end is September 30 and its Primary Standard Industrial Code (“SIC”) is 2835. It does not have a secondary SIC.

ITEM 6. ISSUER'S FACILITIES

The Company leases approximately 4,100 square feet at 330 E. Orangethorpe Avenue, Suite D, Placentia, CA 92870 for its corporate headquarters. The facility consists of corporate offices, a testing laboratory, kit assembly space and warehouse space. It is leased from an unaffiliated third party. The lease was extended as of June 3, 2019 by Lease Extension Agreement for a term expiring on August 31, 2024. The lease currently provides for monthly rent of \$3,605 and is subject to increases each year, up to \$4,057 in 2023. The Company has no other facilities. It believes its current facilities are adequate to accommodate foreseeable requirements.

The Company's test kits are assembled and packaged at its facility in Placentia and all laboratory tests for customers are performed at this facility. The materials and supplies used by the Company in assembling test kits and performing laboratory tests consist of both proprietary synthetic protein matrices and standard laboratory materials and instruments. The materials and instruments are readily available from suppliers. The Company keeps a limited inventory of raw materials on hand.

ITEM 7. OFFICERS, DIRECTORS, AND CONTROL PERSONS

The table below provides information regarding Officers, Directors, and Control Persons owning 5% or more of the Issuer's equity securities as of the date of this report's publication. As of August 1, 2022, there were 22,759,809 shares of common stock issued and outstanding, and there are 0 shares of preferred stock issued and outstanding. Percentage of ownership is based upon these amounts.

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
W. Richard Ulmer ^{2,5}	Chief Executive Officer, and Chairman	Villa Park, CA	2,800,000	Common	12.31%	
Cathy L. Richmond ³	Chief Financial Officer, and Director	Indio, CA	700,000	Common	3.08%	
Irwin J. Gruverman ⁴	Chairman Emeritus	Auburndale, MA	1,300,676	Common	5.72%	
Atul Jhalani ¹	President	Yorba Linda, CA	500,000	Common	2.20%	
Dennis E. Chenoweth, M.D., PhD	Director	Ventura, CA	1,100,000	Common	4.84%	
Sean Adrean, M.D.	Director	Villa Park, CA	0	Common	<u>0%</u>	
Steven A. Pitassi ⁶ Catherine M. Pitassi Rev. Trust Established September 30, 2019 (1,110,000 shares) Stephanie Sarro, daughter (525,000 shares)	Director	North Providence, RI	1,635,000 (Indirect beneficial ownership)	Common	<u>7.19%</u>	
		Total:	8,035,676	Common	<u>35.34%</u>	

⁽¹⁾ Appointed June 3, 2019 to serve as President.

⁽²⁾ Appointed September 15, 2019 to serve as Vice Chairman.

⁽³⁾ Appointed September 15, 2019 to serve as Director.

⁽⁴⁾ Appointed September 23, 2020 to serve as Chairman Emeritus

⁽⁵⁾ Appointed September 23, 2020 to serve as Chairman

⁽⁶⁾ Appointed February 3, 2021 to serve as Director

ITEM 8. LEGAL/DISCIPLINARY HISTORY

A. None of the officers, directors, promoters or control persons of the Issuer have been involved in the past five (5) years in any of the following:

- (1) A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and minor offenses);
- (2) The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or bank activities;
- (3) A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
- (4) The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

ITEM 9. THIRD PARTY PROVIDERS

Securities Counsel

Lockett + Horwitz, A Prof. Law Corporation
14 Orchard, Suite 200
Lake Forest, CA 92630
jlockett@LHlawPC.com

Investor Relations

Investor Relations Partners
1901 Avenue of the Stars, 2nd Floor
Los Angeles, CA 90067
htajyar@irpartnersinc.com

Accountant or Auditor

PDM, LLP
3460 Torrance Blvd., Suite 200
Torrance, CA 90503 310-540-4118
abozanic@pdmcpas.com

Other Advisors

None

ITEM 10. ISSUER CERTIFICATION

I, W. Richard Ulmer, Chief Executive Officer/Chairman certify that:

1. I have reviewed this quarterly disclosure statement of InVitro International;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 1, 2022

Signature: /s/ W. Richard Ulmer

Title: Chief Executive
Officer/Chairman

I, Cathy L. Richmond, Chief Financial Officer certify that:

1. I have reviewed this quarterly disclosure statement of InVitro International:
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 1, 2022

Signature: /s/ Cathy L. Richmond

Title: Chief Financial Officer

Appendix 1



INVITRO INTERNATIONAL, INC.

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2022



INVITRO INTERNATIONAL, INC.

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INVITRO INTERNATIONAL, INC.

BALANCE SHEET JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,165,296
Accounts receivable, net of allowance of \$3,500	96,807
Inventories	175,300
Prepaid expenses	43,037
	<u>1,480,440</u>

PROPERTY AND EQUIPMENT, net	15,516
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DEPOSITS AND OTHER ASSETS	<u>16,314</u>
	<u>\$ 1,512,270</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 10,462
Accrued payroll and employee benefits	56,272
Income taxes payable	800
Other accrued liabilities	23,411
	<u>90,945</u>

SHAREHOLDERS' EQUITY

Preferred stock, no par value; 1,000,000 shares authorized; no shares issued or outstanding	-
Common stock, no par value; 40,000,000 shares authorized; 22,659,809 shares issued and outstanding	654,080
Additional paid in capital	6,719
Accumulated other comprehensive income	63,996
Retained earnings	696,530
	<u>1,421,325</u>
	<u>\$ 1,512,270</u>

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

INVITRO INTERNATIONAL, INC.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED JUNE 30, 2022

	<u>3 months</u>	<u>9 months</u>
REVENUES	\$ 238,210	\$ 681,991
EXPENSES		
Cost of revenues	43,194	134,205
Selling, general, and administrative	179,954	568,666
Research and development	<u>3,223</u>	<u>6,679</u>
	<u>226,371</u>	<u>709,550</u>
OPERATING INCOME (LOSS)	<u>11,839</u>	<u>(27,559)</u>
OTHER INCOME		
Forgiveness CARES Act PPP loan No. 2	-	101,015
Interest and dividend income	1,399	11,473
Realized (loss) gain on securities	(8,931)	1,609
Unrealized loss on securities	<u>(33,260)</u>	<u>(91,899)</u>
	<u>(40,792)</u>	<u>22,198</u>
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(28,953)	(5,361)
PROVISION FOR (BENEFIT FROM) INCOME TAXES	<u>-</u>	<u>(8,710)</u>
NET INCOME (LOSS)	<u>\$ (28,953)</u>	<u>\$ 3,349</u>
NET INCOME PER COMMON SHARE:		
Basic	<u>\$ (0.001)</u>	<u>\$ 0.000</u>
Diluted	<u>\$ (0.001)</u>	<u>\$ 0.000</u>
Weighted average common shares outstanding - basic	<u>22,659,809</u>	<u>22,726,476</u>
Weighted average common shares outstanding - diluted	<u>22,659,809</u>	<u>22,726,476</u>

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

INVITRO INTERNATIONAL, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED JUNE 30, 2022

	Common Stock		Additional	Accumulated	Retained	Total
	<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Other Comprehensive Income</u>	<u>Earnings</u>	
BALANCE, September 30, 2021	22,759,809	\$ 669,080	\$ 4,019	\$ 63,996	\$ 693,181	\$ 1,430,276
Stock buy back	(100,000)	(15,000)	-	-	-	(15,000)
Share based compensation	-	-	2,700	-	-	2,700
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,349</u>	<u>3,349</u>
BALANCE, June 30, 2022	<u>22,659,809</u>	<u>\$ 654,080</u>	<u>\$ 6,719</u>	<u>\$ 63,996</u>	<u>\$ 696,530</u>	<u>\$ 1,421,325</u>

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

INVITRO INTERNATIONAL, INC.

STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 3,349
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation and amortization	2,927
Stock-based compensation	2,700
Loss on securities	90,290
CARES Act PPP Loan No. 2 forgiveness income	(101,015)
Changes in operating assets and liabilities:	
Accounts receivable, net	25,452
Inventories	(34,921)
Prepaid expenses	(6,811)
Other assets	1,126
Accounts payable	7,636
Accrued payroll and employee benefits	(6,422)
Income taxes payable	(8,710)
Other accrued liabilities	(2,154)
Net cash flows from operating activities	<u>(26,553)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(9,375)
Purchases of investments	(98,610)
Proceeds from the sale of investments	<u>793,288</u>
Net cash flows from investing activities	<u>685,303</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repurchase of stock in buy back	<u>(15,000)</u>
Net cash flows from financing activities	<u>(15,000)</u>

Net change in cash and cash equivalents 643,750

Cash and cash equivalents, beginning of period 521,546

Cash and cash equivalents, end of period \$ 1,165,296

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes \$ 800

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

NOTE 1 - NATURE OF OPERATIONS

InVitro International, Inc. (the “Company”), headquartered in Placentia, California, was founded in 1985 and is a customer and technology-driven provider of non-animal testing methods. The Company’s testing technologies are designed to produce data regarding corrosivity, or ocular/dermal irritation, which correlate with animal and human test results. This technology is commercialized through test kits and laboratory services globally.

The Company is a pioneer in the field of non-animal testing and was first to develop and commercialize its flagship product Corrositex® in 1991. The global regulatory bodies that govern non-animal testing did not exist at the time. These regulatory bodies started to evolve in early 2000’s and then consolidated into a more robust global regulatory system in the last few years. Organization for Economic Co-operation and Development (OECD) is the foremost such regulatory body today, with 37 member countries, including the US, and covers more than 80% of the world of commerce.

In 2014, Corrositex® was adopted by OECD, with the publication of Test Guideline (TG) 435. Following this regulatory approval, Corrositex®, became Global Harmonization System (GHS) accepted as a full replacement for animal test results virtually everywhere in the world of commerce. The OECD/European Centre for the Validation of Alternative Methods (ECVAM), Transport Canada, U.S. DOT, EPA, OSHA, Consumer Product Safety Commission, FDA, and the International Air Transport Authority (IATA) all have accepted Corrositex® as an alternative as well.

In November 2019, the OECD published Test Guideline (TG) 496, the final step in the adoption of the Company’s now 30-year-old core technology, Ocular Irritation® (OI). OI thus completes an eleven-year effort to become the first 100% animal free ocular irritancy test method to be OECD accepted, validated and adopted for 37 countries, including the U.S.

Each of the above mentioned Regulatory Advancements are the result of many years in a strategic alliance with INT.E.G.RA in Italy. The Company partnership sells and distributes both laboratory test results and kits in Italy and several European markets. In addition, the partnership coordinates and facilitates regulatory approvals and acceptances from authorities and agencies within the OECD. The Company has over a dozen testing laboratory partnerships globally to help commercialize its technology.

As described in Note 7, quasi reorganization was implemented on October 1, 2014.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The Company prepares its financial statements based upon the accrual method of accounting, recognizing income when earned and expenses when incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that may be subject to change relate to the collectability of accounts receivable, realizability of inventories, investments, and long-lived assets, and the valuation allowance on deferred tax assets.

Revenue recognition - The Company recognizes revenue for its products upon shipment of goods to its customers, upon the reporting of results to its customers for its lab services by applying the following five step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract, and (5) recognize revenue when or as a performance obligation is satisfied.

Customers - The Company sells its products to independent distributors, contract laboratories, and end users in approximately ten different industries in the United States, Europe, Latin America, and Asia. The combined foreign operations generated approximately 22% and 24% of the Company's total revenues during the three and nine months ended June 30, 2022, respectively. The Company maintains reserves for potential credit losses. Management believes that future credit losses will not be material.

The Company had two customers that generated approximately 8% each for the three months ended June 3, 2022. The Company also had two customers that generated approximately 6% each of sales for the nine months ended June 30, 2022. Two customers had an aggregate outstanding balance of \$39,521 owed to the Company as of June 30, 2022.

Cash and cash equivalents - The Company defines its cash and cash equivalents to include only cash on hand, demand deposits, money market fund accounts, and investments with original maturities of ninety days or less.

The Company maintains its cash and cash equivalents at financial institutions, the balances of which may, at times, exceed federally insured limits. Management believes that the risk of loss due to the concentration is minimal.

Investments - Investments in marketable securities are reported at fair value as determined by quoted market prices in an active market with unrealized and realized gains and losses included in investment income. Interest and dividend income are recorded on the accrual basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair value of financial instruments - Financial instruments primarily consist of marketable securities and interest-bearing cash. The Company estimates that the fair value of its financial instruments at June 30, 2022 do not differ materially from its aggregate carrying value. Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Fair value measurements - The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts receivable - Accounts receivable are stated at the amount that management expects to collect from balances outstanding at June 30, 2022. Management closely monitors outstanding balances and provides a reserve for probable uncollectible amounts through a charge to earnings and a credit to the receivables allowance accounts based on its assessments of the current status of individual accounts. At June 30, 2022, management has recorded a reserve for potentially bad debts of \$3,500.

Inventories - Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method. Cost includes materials, labor, and an allocable portion of direct and indirect overhead. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company regularly monitors inventories for excess or obsolete items and makes any valuation corrections when such adjustments are needed. Once established, write downs are considered permanent adjustments to the cost basis of obsolete or excess inventories.

Property and equipment - Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life. Normal repairs and maintenance are expensed as incurred. Expenditures that materially adapt, improve, or alter the nature of the underlying assets are capitalized. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Patents and trademarks - The costs of patents and trademarks acquired are amortized on the straight-line method over their estimated remaining lives. The identifiable costs to develop and defend the Company's patents and trademarks are capitalized and amortized on the straight-line method over their estimated remaining lives. The unidentifiable costs to develop and defend the Company's patents and trademarks are charged to expense as incurred.

The Company is not aware of any infringing uses that could materially affect its current business or any prior claim to the patents and/or trademarks that would prevent the Company from using such patents and/or trademarks in its business. The Company's policy is to pursue registration of its patents and trademarks, whenever possible, and to oppose vigorously any infringement of its patents and/or trademarks.

Aggregate patent costs, net of accumulated amortization of \$251,131, totaled \$1,624 at June 30, 2022 and are included in deposits and other assets. Amortization expense related to patents was \$125 and \$375 during the three and nine months ended June 30, 2022, respectively.

Capitalized software - The costs of software acquired are amortized on the straight-line method over their estimated remaining lives. Aggregate software costs, net of accumulated amortization of \$110,465, totaled \$7,758 at June 30, 2022 and are included in deposits and other assets. During the three and nine months ended June 30, 2022, amortization expense related to software totaled \$238 and \$713, respectively.

Long-lived assets - The Company assesses, using a qualitative then a quantitative approach, the recoverability of long lived assets, including property and equipment, whenever triggering events, or changes in circumstances, indicate that the historical-cost carrying value of an asset may no longer be appropriate. The evaluation is performed by determining whether the depreciation and amortization of such assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of impairment, if any, is measured based on fair value and is charged to operations in the period in which such impairment is determined by management. To date, the Company has not identified any impairment of long-lived assets. As of and for the three and nine months ended June 30, 2022, no triggering events were deemed present and therefore no impairment charges related to long lived assets were recognized. However, there can be no assurance that market conditions will not change, which could result in impairment of long-lived assets in the future.

Research and development - Research and development costs consist primarily of compensation and materials associated with the research and development of the Company's technologies and are expensed as incurred.

Advertising - The Company expenses advertising costs, charged to operations under selling, general, and administrative expenses, as they are incurred. Advertising costs during the three and nine months ended June 30, 2022 amounted to \$17,477 and \$49,502, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income taxes - The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. A valuation allowance is provided for significant deferred tax assets when it is more likely than not that such assets will not be recovered.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than fifty percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2022, the Company had no unrecognized tax benefits, and the Company had no positions which, in the opinion of management, would be reversed if challenged by a taxing authority.

The Company's evaluation of tax positions was performed for those tax years which remain open to audit. The Company may, from time to time, be assessed interest or penalties by the taxing authorities, although any such assessments historically have been minimal and immaterial to the Company's financial results. In the event the Company is assessed for interest and/or penalties, such amounts will be classified as income tax expense in the financial statements.

Foreign currency translation - The financial statements of the Company's foreign operations have been translated to U.S. dollars. Assets and liabilities are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the three and nine months ended June 30, 2022. The translation adjustment is excluded from results of operations but is included in comprehensive income and is accumulated in a separate component of shareholders' equity. Gains and losses from foreign currency transactions denominated in a currency other than the Company or its foreign operations' local currencies are included in results of operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounting for stock-based compensation - At June 30, 2022, the Company has a stock-based employee compensation plan, which is described more fully in Note 7. The Company measures and recognizes the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value, including share-based compensation based on the grant-date fair value for all share-based payments granted prior to and not yet vested as of January 1, 2006 and share-based compensation based on the grant-date fair-value for all share-based payments granted after October 1, 2006. For non-employee stock-based compensation, the Company values the equity securities based on the fair value of the security on the date of grant. For stock-based awards, the value is based on the market value of the stock on the date of the grant or the value of services, whichever is more readily available. Stock option awards are valued using the Black-Scholes-Merton option-pricing model. No stock options were granted during the three and nine months ended June 30, 2022.

Net income per common share - The Company reports earnings per share (“EPS”) with a dual presentation of basic EPS and diluted EPS on the face of the statements of comprehensive income. Basic EPS is computed as net income divided by the weighted average of common shares for the period. Diluted EPS reflects the potential dilution that could occur from common shares issued through stock options, or warrants. During the three and nine months ended June 30, 2022, the Company had no potentially dilutive common stock equivalents. Therefore, the basic EPS and the diluted EPS are the same.

Comprehensive income - The Company reports and displays all components of comprehensive income in a full set of financial statements. Accumulated other comprehensive income as reported in the accompanying balance sheet represents foreign currency translation adjustments.

Segments of an enterprise and related information - The Company currently operates in one business segment.

Subsequent events - Subsequent events have been evaluated by the Company through August 1, 2022, which is the date these financial statements were issued, and no subsequent events have arisen, other than those described in these financial statements, that would require disclosure.

NOTE 3 - FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Exchange-traded funds and mutual funds - Valued at quoted market prices in an exchange and active market, which represent the net asset values of shares held by the Company at year-end.

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 3 - FAIR VALUE MEASUREMENTS, continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2022, the Company moved all securities to an investment holding account to convert into cash and cash equivalents; the total liquidation occurred in July 2022 with miscellaneous monies in the money market accounts.

NOTE 4 - INVENTORIES

Inventories consist of the following at June 30, 2022:

Raw materials and powder	\$ 45,053
Components	74,418
Finished goods	<u>55,829</u>
	<u>\$ 175,300</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2022 consist of:

Equipment	\$ 312,281
Leasehold improvements	<u>34,539</u>
	346,820
Less accumulated depreciation and amortization	<u>(331,304)</u>
	<u>\$ 15,516</u>

Depreciation and amortization expense on property and equipment was \$988 and \$2,927 during the three and nine months ended June 30, 2022, respectively.

NOTE 6 - CARES ACT PPP LOAN NO. 2 FORGIVENESS INCOME

COVID-19 impact - On March 11, 2020, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. It is expected the COVID-19 could potentially impact the Company's fiscal 2022 operations resulting in a decline in revenue, additional bad debts and other additional, unanticipated costs. Management believes the Company is taking appropriate actions to mitigate the negative financial impact, including participation in the Payroll Protection Program (or "PPP"). However, the full financial impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Forgiveness income - On April 4, 2021, the Company obtained a low-interest loan in the amount of \$101,015 from a financial institution in connection with the U.S Small Business Administration's ("SBA") Paycheck Protection Program (the "PPP Loan No. 2"). In December 2021, the PPP Loan No. 2 was fully forgiven by the SBA based on the Company's use of the proceeds for its payroll costs and other expenses in accordance with the requirements of the CARES Act. The amount forgiven for \$101,015 is included in Other Income in the Statement of Comprehensive Income for the nine months ended June 30, 2022.

NOTE 7 - SHAREHOLDERS' EQUITY

Quasi reorganization - During the year ended September 30, 2015, upon recommendation by the officers of the Company and approval by the board of directors, a corporate readjustment was implemented. The Company accumulated a deficit of \$24,556,683 prior to September 30, 2014, under previous management. The Company's prior management was replaced and reorganized from 1995 through 1999. The new management, through September 30, 2014, had modified the operational strategy successfully to enable the Company to operate in the present form which had been profitable over the six consecutive years ending September 30, 2014.

As a result, as of October 1, 2014, the Company's accumulated deficit was reduced to \$0 from \$24,556,683, and the common stock account was reduced to \$609,630 from \$25,166,313.

Common stock - On December 10, 2019, 500,000 shares of restricted stocks were issued to an employee as executive compensation and restricted for one year. The stock compensation expense is fully amortized, and as such, the Company did not record any stock compensation expense during the three and nine months ended June 30, 2022.

Stock option plans - The Company has one stock option plan whereby incentive stock options or nonqualified stock options ("Options") may be granted to employees, directors, officers, and others to purchase shares of the Company's common stock ("Shares"). The options are exercisable at prices which equal or exceed the fair value of the Company's common stock at the date of grant.

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 - SHAREHOLDERS' EQUITY, continued

The option exercise price may be payable in cash or shares of previously owned Company common stock (if any) (valued by a committee of the Board of Directors). Options granted pursuant to the plan vest and expire according to the terms of each option agreement. At June 30, 2022, this plan had 1,800,000 outstanding options that were granted on August 12, 2020.

On August 12, 2020 (the "Grant Date") the Company granted 1,800,000 incentive stock options to the President of the Company. These options vest 300,000 shares per year over a 6 period year period ("Installment"). Installments shall vest to the 300,000 shares annually up to 1,800,000 options. The options shall expire, and all rights hereunder to purchase the Shares shall terminate, 5 years from the vesting date.

A summary of the Company's stock option activity is presented in the following table:

	<u>Number of Shares</u>	<u>Exercise price per Share</u>
Options outstanding at September 30, 2021	1,800,000	\$ 0.10
Granted	<u>-</u>	0.10
Options outstanding at June 30, 2022	<u><u>1,800,000</u></u>	\$ 0.10

The following table summarized information about stock options outstanding at June 30, 2022:

		<u>Options outstanding</u>	<u>Options exercisable</u>
<u>Price</u>	<u>Number of Shares</u>	<u>Contractual life (in years)</u>	<u>Number of Shares</u>
\$ 0.10	<u>1,800,000</u>	9.89	<u>-</u>
0.10	<u><u>1,800,000</u></u>	9.89	<u><u>-</u></u>

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 - SHAREHOLDERS' EQUITY, continued

The Company recorded stock-based compensation expense of \$900 and \$2,700 in connection with the Plans for the three and nine months ended June 30, 2022, respectively. The stock-based compensation expense is measured using "Black-Scholes-Merton option-pricing model", incorporating the following weighted average assumption as of the grant date on August 12, 2020:

Expected Dividend yield		0%
Expected stock-price volatility		40%
Risk-free interest rate		0.67%
Expected term of options (years)		10
Stock price	\$	0.10
Exercise price	\$	0.10

Preferred stock - The Company has authorized 1,000,000 shares of preferred stock to be issued. These shares may be issued in one or more series as determined by the Board of Directors. At the time of determination, the rate of dividends (whether cumulative or non-cumulative), redemption features, and liquidation preferences will be established. At June 30, 2022, no preferred stock determinations or issuances have been authorized by the Board of Directors.

Repurchase of common stock - The Company's Board of Directors from time to time has authorized the repurchase of shares of the Company's common stock, in the open market or through negotiated transactions, at such times and at such prices as management may decide. During the nine months ended June 30, 2022, the Corporation agreed to acquire 100,000 shares of its common stock from a shareholder in exchange for \$15,000.

Reconciliation of outstanding shares of common stock - As a result of the Company's aforementioned repurchase of 100,000 shares of common stock, the Company's stock transfer agent confirmed outstanding shares of common stock as of June 30, 2022 are 100,000 shares higher than the outstanding shares on the accompanying financial statements of 22,659,809 as of June 30, 2022.

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 8 - PROVISION FOR (BENEFIT FROM) INCOME TAXES

The provision for income taxes for the three and nine months ended June 30, 2022 is comprised of the following:

	<u>3 months ended</u>	<u>9 months ended</u>
Current provision (benefit)	\$ -	\$ (8,710)
Deferred benefit	-	-
	<u>\$ -</u>	<u>\$ (8,710)</u>

As of June 30, 2022, the significant components of the Company's net deferred tax assets are as follows:

Deferred tax assets:	
Net operating loss carryforwards	\$ 32,000
Research and development tax credits	64,000
Allowances and other	<u>30,000</u>
	126,000
Valuation allowance	<u>(126,000)</u>
	<u>\$ -</u>

During the nine months ended June 30, 2022, the valuation allowance increased by \$52,400.

The Company did not utilize funds in either net operating loss carryforwards ("NOLs") nor in state research tax credits to reduce their taxable income during the nine months ended June 30, 2022. The Company had PPP Loan No. 2 forgiveness income of \$101,015 during the nine months ended June 30, 2022, which was not taxable for Federal or State tax purposes.

As of June 30, 2022, the Company had NOLs for federal reporting purposes of approximately \$156,000 which expire in various years through fiscal 2024. The Federal tax codes provide for restrictive limitations on the annual utilization of NOLs to offset taxable income when the stock ownership of a company significantly changes, as defined. As of June 30, 2022, the Company has research tax credits of \$64,000 for Federal tax purposes and \$0 for state tax purposes. The research tax credits are available to offset future tax liabilities, if any, through 2040. Due to historical ownership changes, the utilization of the research tax credits is subject to annual limitations in future periods, which could substantially reduce the Company's ability to offset future taxable income. Utilization of these amounts could be further limited if additional ownership changes occur in the future.

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 8 - PROVISION FOR INCOME TAXES, continued

As of June 30, 2022, the Company's federal tax returns since the 2020 tax year and state tax returns since the 2019 tax year remain open for examination by the tax jurisdictions. No tax returns are currently being examined by taxing authorities.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating leases - The Company leases its corporate headquarters under a non-cancelable operating lease agreement expiring in August 2024. Total rent expense for all locations in the United States was \$11,482 and \$34,448 for the three and nine months ended June 30, 2022, respectively.

Future annual minimum payments under all operating leases for the remaining year ending September 30th, are:

2022	\$	11,587
2023		47,386
2024		44,627
	\$	<u>103,600</u>

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Company sponsors a defined contribution plan covering full time employees. Employees may contribute up to the maximum 401(k) contribution allowed under the Internal Revenue Code each plan year. Employee contributions to the plan are withheld from wages and are vested 100% immediately.

The Company matches each employee's contribution up to the first 3% of their pay and all such contributions are vested immediately. The Company's contributions to the defined contribution plan for the three and nine months ending June 30, 2022 was \$3,669 and \$11,620, respectively.

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 11 - BASIC AND DILUTED INCOME PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted income per share computations:

	<u>3 months ended</u>	<u>9 months ended</u>
Numerator for basic and diluted income per share:		
Net income (loss)	<u>\$ (28,953)</u>	<u>\$ 3,349</u>
Denominator for basic and diluted income per share:		
Weighted average shares (basic)	22,659,809	22,726,476
Common stock equivalents	<u>-</u>	<u>-</u>
Weighted average shares (diluted)	<u>22,659,809</u>	<u>22,726,476</u>
Basic and diluted income per share:		
Basic	<u>\$ (0.001)</u>	<u>\$ 0.000</u>
Diluted	<u>\$ (0.001)</u>	<u>\$ 0.000</u>

INVITRO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 12 - BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in multiple industry segments providing in-vitro (non-animal) consumer, product, and environmental safety test method to customers in the cosmetics, personal care, household products, textiles, pharmaceuticals, chemicals, and hazardous waste transportation industries.

Revenues, net income, and identifiable assets by geographic area as of June 30, 2022 and for the three and nine months ended June 30, 2022 are as follows:

	<u>3 months ended</u>	<u>9 months ended</u>
Revenues:		
United States	\$ 186,810	\$ 518,171
Other countries	<u>51,400</u>	<u>163,820</u>
	<u>\$ 238,210</u>	<u>\$ 681,991</u>
Net income:		
United States	\$ (22,706)	\$ 2,545
Other countries	<u>(6,247)</u>	<u>804</u>
	<u>\$ (28,953)</u>	<u>\$ 3,349</u>
Identifiable assets:		<u>June 30, 2022</u>
United States		\$ 1,483,118
Other countries		<u>29,152</u>
		<u>\$ 1,512,270</u>