



Scientific Industries Reports Financial Results for Six Month Transition Period Ended December 31, 2022; Discloses Non-Cash Restatement of Certain Previously Issued Financial Statements

***LAB EQUIPMENT OPS' VIVID PILL COUNTER POSTS RECORD SALES
BIOPROCESSING OPS LAUNCHES FIRST PRODUCT
COMPANY CHANGES TO CALENDAR YEAR END
NO IMPACT ON CASH, CASH FLOWS OR BUSINESS OPERATIONS FROM RESTATEMENT***

BOHEMIA, NY / April 17, 2023 / Scientific Industries, Inc. (OTCQB: SCND), a life sciences tool provider, and a developer of digitally simplified bioprocessing products, yesterday reported financial results for the six-month transition period ended December 31, 2022, following its change in fiscal year end from June 30 to December 31. The Company also restated its previously issued financial statements for the fiscal year ended June 30, 2022, and three-month period ended September 30, 2022 (collectively, the "Prior Period Financial Statements") on its report filed on Form 10-KT with the Securities and Exchange Commission.

Six Months Ended 12/31/22 Product Highlights:

- Bioprocessing Systems Operations launched the new DOTS Platform with almost all eligible customers converting to the new software.
- Laboratory Equipment Operations launched the new VIVID Lite pill counter with first shipments commencing in January 2023 and the launch of the VIVID Plus subscription platform is anticipated before the end of the current quarter.
- VIVID pill counter unit sales posted a 20% increase versus the first half of 2022.

Six Months Ended 12/31/2022 vs. Six Months Ended 12/31/2021 Financial Highlights:

- Net revenues were \$5.2 million, a decrease of \$0.6 million, or 9%, versus \$5.8 million in the prior year period.
- Gross profit was \$2.3 million, or 44.2%, compared to \$2.9 million, or 50.7% in the prior year period. The decrease reflects the termination of Bioprocessing's royalty income and the leveling off of sales of Benchtop Equipment's Vortex-Genie product post-Covid.
- Total operating expenses were \$6.4 million compared to \$6.3 million for the prior year period, due to the continued ramp up in bioprocessing operations, including a 32% higher employee count, principally engineering and sales/marketing.
- Cash and cash equivalents and investments were \$6.2 million as of December 31, 2022.

Management Discussion

Helena Santos, Chief Executive Officer of Scientific Industries, stated, "We are pleased to have launched the new DOTS product platform in our Bioprocessing Systems Operations in accordance with our timeline. The adoption of the DOTS platform by new and existing customers is a positive indication of potential market acceptance going forward. While sales of our Vortex-Genie product line have settled into a post-COVID normalized volume, which is still robust by our historical standards, we are excited about the early success and momentum of our VIVID automated pill counter line, which is poised for long-term sustainable growth in the automated pharmacy counting space."

Ms. Santos continued, "Regarding the restatement of our Prior Period Financial Statements, during the Company's audit of its transitional six-month period, the Company's management and Audit Committee made a determination to restate the results of those financial statements to ensure that the Company's financial statements are accurate and can be relied upon. These adjustments are not related to any revised accounting treatments and do not affect cash, cash flows



or operational results, but stem from the utilization of underlying assumptions used to value goodwill and deferred tax assets.”

John Moore, Chairman of Scientific Industries and Scientific Bioprocessing, Inc., (“SBI”), said, “During the six-month period our Bioprocess business achieved a significant milestone with the launch of the first component of our new DOTS platform. This de-risks the launch of the multi-parameter sensor (“MPS”) later this year. Our mission is to deliver Digitally Simplified Bioprocessing that will improve workflows, drive efficiencies and result in higher yields. We are gaining traction with our new DOTS software platform as nearly all our customer base has upgraded to the new platform.”

“We plan to launch our DOTS MPS for shake flasks in the second half of the year. This product release promises to deliver even more bioreactor-like data in shake flasks and is being eagerly awaited by our existing customers and prospective new customers. We look forward to a successful launch and adoption of our innovative DOTS platform that will drive top-line growth in the coming years.”

Six Months Ended 12/31/2022 Financial Review

Net revenues for the six-month transition period ended December 31, 2022, decreased \$520,800, or 9.0%, to \$5,237,800 compared to \$5,758,600 for the six-month period ended December 31, 2021. This reflected a decrease in sales of Genie brand products related to Covid, partially offset by a 16% increase in sales of Torbal brand products fueled by record orders for the VIVID automated pill counter. Revenues from Bioprocessing Systems continued to gain traction with \$628,900 in sales of existing products only, due to the absence of approximately \$98,600 in royalties in the prior year period, due to the expiration of its licensing agreement in August 2021.

The Company realized a loss from continuing operations before income tax expense of \$4,073,100 for the six-month transition period ended December 31, 2022, compared to \$2,853,600 for the same period last year. The total operating loss reflects the significant investment in the Bioprocessing operations following the acquisition of aquila biolabs GmbH in order to capture the market potential momentum within the synthetic biology markets. However, the Company was able to achieve certain operational and cost efficiencies as a result of the integration and consolidation of its U.S. and German operations as reflected in lower G&A and R&D expenses, despite a 32% increase in personnel. Selling expenses increased primarily as a result of increased activities in the sales and marketing of our bioprocessing products.

As a result of the above, the Company reflected a net loss of \$4,079,400 \$(0.58) per share for the six-month transition period ended December 31, 2022, compared to a net loss of \$2,105,300 \$(0.33) per share for the comparable period in 2021.

Twelve Months Ended June 30, 2022 Restatement

The Company has restated certain information within the Annual Report on Form 10-KT, including the consolidated financial statements as of and for the year ended June 30, 2022, and the relevant unaudited interim financial information for the quarterly period ended September 30, 2022.

Management of the Company, together with the Audit Committee of the Company’s Board of Directors (the “Audit Committee”) reached a determination that the Company’s consolidated audited financial statements as of and for the fiscal year ended June 30, 2022 included in the Company’s Annual Report on Form 10-K file with the Securities and Exchange Commission (the “SEC”) and the Company’s consolidated unaudited financial statements as of and for the quarter period ended September 30, 2022 included in the Company’s Quarterly Report on Form 10-Q filed with the SEC, collectively the “Non-Reliance Periods”, should no longer be relied upon because of material misstatements contained in those consolidated financial statements. During the preparation of its audited financial statements for the six-month transition period ended July 1, 2022, to December 31, 2022, the Company identified an error in the assessment of a full valuation allowance against the consolidated deferred tax asset, and in addition the Company identified an error in the analysis in the annual goodwill impairment testing of the Company’s Bioprocessing Systems segment. Upon further



analysis of the error, the Company has determined that it should have allocated a full valuation allowance to the consolidated net deferred tax asset and a goodwill impairment charge to the Bioprocessing Systems segment. This resulted in a \$3,743,600 adjustment to income tax expense and deferred tax asset, and \$4,280,100 to goodwill. As a result, the net loss, as restated, for the year ended June 30, 2022, was \$13,668,100. The net profit and loss effect on the restatement of the three-month period ended September 30, 2022, resulting from adjustment of a full valuation allowance of the deferred tax assets generated during that period was \$417,200, resulting in restated net loss of \$1,709,200 for such fiscal quarter. The net effect of the restatement for the fiscal year ended June 30, 2022, and the interim three-month period ended September 30, 2022 are reflected in the following tables which replace previously published financial tables.

SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
BALANCE SHEETS

ASSETS

	<u>30-Jun-22</u> <u>As Reported</u>	<u>Adjustment</u>	<u>30-Jun-22</u> <u>As Restated</u>
Cash and Cash Equivalents	\$ 2,971,100		\$ 2,971,100
Investment Securities	6,391,600		6,391,600
Other Current Assets	6,906,600		6,906,600
Intangibles Assets and Goodwill	6,475,200	(4,280,100)	2,195,100
Other Long Term Assets	6,287,100	(3,743,600)	2,543,500
Total Assets	<u>\$ 29,031,600</u>	<u>\$ (8,023,700)</u>	<u>\$ 21,007,900</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities	\$ 2,230,200		\$ 2,230,200
Long-Term Liabilities	1,239,600		1,239,600
Shareholders' Equity	25,561,800	(8,023,700)	17,538,100
Total Shareholders' Equity & Liabilities	<u>\$ 29,031,600</u>	<u>\$ (8,023,700)</u>	<u>\$ 21,007,900</u>



SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	<u>30-Jun-22</u> <u>As Reported</u>	<u>Adjustment</u>	<u>30-Jun-22</u> <u>As Restated</u>
Revenues	\$ 11,400,500		\$ 11,400,500
Gross Profit	5,736,700		5,736,700
Operating Expenses	13,000,700	4,280,100	17,280,800
Loss From Operations	(7,264,000)	(4,280,100)	(11,544,100)
Total Other Income, Net	262,400		262,400
Loss From Continuing Operations Before Income Tax Benefit	(7,001,600)	(4,280,100)	(11,281,700)
Income Tax Expense (Benefit), Current	(99,200)		(99,200)
Income Tax Expense (Benefit), Deferred	(1,253,600)	3,743,600	2,490,000
Loss from Continuing Operations	(5,648,800)	(8,023,700)	(13,672,500)
Gain (Loss) from Discontinued Operations, Net of Tax	4,400		4,400
Net Loss	(5,644,400)	(8,023,700)	(13,668,100)
Comprehensive Loss	(96,400)		(96,400)
Total Comprehensive Loss	\$ (5,740,800)	\$ (8,023,700)	\$ (13,764,500)

Basic and diluted loss per common share:

Continuing Operations	\$ (0.85)	\$ (1.21)	\$ (2.06)
Discontinued Operations	\$ -	\$ -	\$ -
Consolidated Operations	\$ (0.85)	\$ (1.21)	\$ (2.06)

Weighted average number of outstanding shares : 6,637,471 6,637,471

SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
BALANCE SHEETS

	<u>9/30/22</u> <u>As Reported</u>	<u>Adjustment</u>	<u>9/30/22</u> <u>As Restated</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,437,700		\$ 2,437,700
Investment Securities	5,298,600		5,298,600
Other Current Assets	6,769,300		6,769,300
Intangibles Assets and Goodwill	6,339,000	(4,280,100)	2,058,900
Other Long Term Assets	6,731,500	(4,160,800)	2,570,700
Total Assets	\$ 27,576,100	\$ (8,440,900)	\$ 19,135,200
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities	\$ 1,583,700		\$ 1,583,700
Long-Term Liabilities	1,218,700		1,218,700
Shareholders' Equity	24,773,700	(8,440,900)	16,332,800
Total Shareholders' Equity & Liabilities	\$ 27,576,100	\$ (8,440,900)	\$ 19,135,200



SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	<u>9/30/22</u> <u>As Reported</u>	<u>Adjustment</u>	<u>9/30/22</u> <u>As Restated</u>
Revenues	\$ 2,670,000		\$ 2,670,000
Gross Profit	1,349,100		1,349,100
Operating Expenses	3,043,300		3,043,300
Loss From Operations	(1,694,200)		(1,694,200)
Total Other expense, Net	(15,000)		(15,000)
Loss From Continuing Operations Before Income Tax Benefit	(1,709,200)		(1,709,200)
Income Tax Expense (Benefit), Deferred	(417,200)	417,200	-
Loss from Continuing Operations	(1,292,000)	(417,200)	(1,709,200)
Net Loss	(1,292,000)	(417,200)	(1,709,200)
Comprehensive Gain (Loss)	(114,200)		(114,200)
Total Comprehensive Loss	\$ (1,406,200)	\$ (417,200)	\$ (1,823,400)

Basic and diluted loss per common share:

Continuing Operations	\$ (0.18)	\$ (0.06)	\$ (0.24)
Discontinued Operations	\$ -	\$ -	\$ -
Consolidated Operations	\$ (0.18)	\$ (0.06)	\$ (0.24)

Weighted average number of outstanding shares : 7,003,599 7,003,599

Conference Call Details

Scientific Industries will conduct a conference call to discuss financial results for the six-month transition period ended December 31, 2022, on Tuesday, April 18, 2023, at 8:00 A.M. ET. Interested parties can access the conference call by dialing (844) 481-2706 or (412) 317-0662 (international). A webcast of the call will be available on the Company's Investor Relations page at <https://www.scientificindustries.com/investor-relations/> or at <https://app.webinar.net/aDXKp6zpWdG>

A replay of the call will be available through April 25, 2023, at (877) 344-7529 or (412) 317-0088 (international), replay access code: 1167670, or for 30 days at <https://www.scientificindustries.com/investor-relations/>.

About Scientific Industries, Inc.

Scientific Industries (OTCQB:SCND), is a life science tool provider. It designs, manufactures, and markets laboratory equipment, including the world-renowned Vortex-Genie® 2 Mixer and Torbal® balances, and bioprocessing systems under the product name Cell Growth Quantifier and Liquid Injection System. Scientific Industries' products are generally used and designed for research purposes in laboratories of universities, hospitals, pharmaceutical companies, medical device manufacturers, and pharmacies. To learn more, visit www.scientificindustries.com.

About Scientific Bioprocessing, Inc.



Scientific Bioprocessing, Inc. ("SBI") is dedicated to providing state-of-the-art instruments, strategies, and technologies to expedite the production of viable cells and therapies with a streamlined process and product consistency. SBI's mission is to develop sensor technologies and instruments that make cell culture and bioprocessing work easier, experiments more reproducible, and culture conditions better suited to meet experimental objectives. SBI is a subsidiary of Scientific Industries Holdings, Inc. To learn more, visit www.scientificbio.com.

Safe Harbor Statement

Statements made in this press release that relate to future events, performance or financial results of the Company are forward-looking statements which involve uncertainties that could cause actual events, performance or results to materially differ. The Company undertakes no obligation to update any of these statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. Accordingly, any forward-looking statement should be read in conjunction with the additional information about risks and uncertainties set forth in the Company's Securities and Exchange Commission reports, including our annual report on Form 10-K.

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---FINANCIAL TABLES FOLLOW---



SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS

31-Dec-22

ASSETS

Cash and Cash Equivalents	\$	1,927,100
Investment Securities		4,272,100
Other Current Assets		6,790,700
Intangibles Assets and Goodwill		1,878,300
Other Long Term Assets		3,201,000
Total Assets	\$	<u>18,069,200</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	\$	2,120,400
Long-Term Liabilities		1,156,200
Shareholders' Equity		14,792,600
Total Shareholders' Equity & Liabilities	\$	<u>18,069,200</u>

SCIENTIFIC INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	6 months <u>31-Dec-22</u>	6 months <u>31-Dec-21</u>
Revenues	\$ 5,237,800	\$ 5,758,600
Gross Profit	<u>2,318,100</u>	<u>2,922,300</u>
Operating Expenses	<u>6,455,100</u>	<u>6,291,500</u>
Loss From Operations	(4,137,000)	(3,369,200)
Total Other Income, Net	63,900	515,600
Loss From Continuing Operations Before Income Tax (Benefit)	<u>(4,073,100)</u>	<u>(2,853,600)</u>
Income Tax Benefit, Deferred	-	(737,300)
Loss From Continuing Operations	<u>(4,073,100)</u>	<u>(2,116,300)</u>
Gain (Loss) From Discontinued Operations, Net of Tax	<u>(6,300)</u>	<u>11,000</u>
Net Loss	<u>(4,079,400)</u>	<u>(2,105,300)</u>
Comprehensive Gain	97,200	103,600
Total Comprehensive Loss	\$ <u>(3,982,200)</u>	\$ <u>(2,001,700)</u>

Basic Loss Per Common Share:

Continuing Operations	\$ (0.58)	\$ (0.33)
Discontinued Operations	\$ -	\$ -
Consolidated Operations	\$ (0.58)	\$ (0.33)

Weighted average number of outstanding shares (basic):	7,003,599	6,458,143
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