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DELTA REPORT

10-Q

ZOM - ZOMEDICA CORP.

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	592
CHANGES	156
DELETIONS	217
ADDITIONS	219

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, June 30, 2023.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 001-38298

Zomedica Corp.
(Exact name of registrant as specified in its charter)

Alberta, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
100 Phoenix Drive, Suite 125 Ann Arbor, Michigan	**48108**
(Address of principal executive offices)	**(Zip code)**

(734) 369-2555
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	ZOM	NYSE American

As of May 11, 2023 August 10, 2023, 979,949,668 shares of the registrant's common shares, without par value, were issued and outstanding.

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ZOMEDICA CORP.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED

March 31, June 30, 2023

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

Zomedica Corp.

Condensed Consolidated Balance Sheets as of March 31, 2023 June 30, 2023 (Unaudited) and December 31, 2022

(United States Dollars in Thousands)

	As of		As of	
	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets				
Current assets				
Cash and cash equivalents	$ 8,353	$ 27,399	$ 27,951	$ 27,399
Available-for-sale securities	112,698	87,693	102,522	87,693
Trade receivables, net	428	596	654	596
Inventory, net	2,743	2,746	3,634	2,746
Prepaid expenses and deposits	4,856	3,799	3,562	3,799
Other receivables	1,085	1,268	1,302	1,268
Total current assets	**130,163**	**123,501**	**139,625**	**123,501**
Prepaid expenses and deposits	153	188	126	188
Property and equipment, net	6,799	6,809	7,291	6,809
Construction in progress	1,886	692	2,146	692
Right-of-use asset	1,511	1,665	1,355	1,665
Goodwill	63,979	63,979	63,979	63,979
Intangible assets, net	48,433	41,799	48,071	41,799
Non current available-for-sale securities	26,409	40,712	11,920	40,712
Other assets	265	265	265	265
Total assets	**$ 279,598**	**$ 279,610**	**$ 274,778**	**$ 279,610**
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	$ 7,419	$ 6,698	$ 6,144	$ 6,698
Accrued income taxes	233	187	74	187
Current portion of lease obligations	641	641	641	641
Customer contract liabilities	242	207	255	207
Other current liabilities	62	78	96	78
Total current liabilities	**8,597**	**7,811**	**7,210**	**7,811**
Lease obligations	941	1,097	781	1,097
Deferred tax liabilities	1,245	1,245	1,245	1,245
Customer contract liabilities	263	182	291	182
Liability due to Qorvo	3,529	—	3,591	—

Other liabilities	1,965	1,883	2,181	1,883
Total liabilities	**$ 16,540**	**$ 12,218**	**$ 15,299**	**$ 12,218**
Commitments and contingencies (Note 16)				
Shareholders' equity				
Unlimited common shares, no par value; 979,949,668 issued and outstanding at March 31, 2023 and December 31, 2022	$ 380,973	$ 380,973		
Unlimited common shares, no par value; 979,949,668 issued and outstanding at June 30, 2023 and December 31, 2022			$ 380,973	$ 380,973
Additional paid-in capital	25,431	23,666	27,156	23,666
Accumulated deficit	(142,789)	(136,404)	(148,038)	(136,404)
Accumulated comprehensive loss	(557)	(843)	(612)	(843)
Total shareholders' equity	**263,058**	**267,392**	**259,479**	**267,392**
Total liabilities and shareholders' equity	**$ 279,598**	**$ 279,610**	**$ 274,778**	**$ 279,610**

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

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Zomedica Corp.

Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three and Six Months Ended March 31, 2023 June 30, 2023 and 2022

(Unaudited) (United States Dollars in Thousands, Except for Per Share Data)

	For the Three Months Ended March 31,	
	2023	**2022**
Net revenue	$ 5,482	$ 3,751
Cost of revenue	1,647	1,011
Gross profit	**3,835**	**2,740**
Expenses		
Research and development	918	351
Selling, general and administrative	10,429	6,703
Loss from operations	**(7,512)**	**(4,314)**
Interest income	1,412	107
Interest expense	(50)	—
Other loss	(1)	(1)
Foreign exchange loss	(26)	(7)
Loss before income taxes	**(6,177)**	**(4,215)**
Income tax expense (benefit)	208	(278)
Net loss	**(6,385)**	**(3,937)**
Unrealized gains, change in fair value of available-for-sale securities, net of tax	283	—
Change in foreign currency translation	3	51
Net loss and comprehensive loss	**$ (6,099)**	**$ (3,886)**

Weighted average number of common shares - basic and diluted	**979,949,668**	**979,899,668**
Loss per share - basic and diluted (Note 18)	**$ (0.007)**	**$ (0.004)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net revenue	**$** 6,020	**$** 4,246	**$** 11,502	**$** 7,997
Cost of revenue	1,972	1,240	3,619	2,250
Gross profit	**4,048**	**3,006**	**7,883**	**5,747**
Expenses				
Research and development	859	319	1,777	670
Selling, general and administrative	9,931	8,567	20,360	15,270
Loss from operations	**(6,742)**	**(5,880)**	**(14,254)**	**(10,193)**
Interest income	1,460	277	2,872	384
Interest expense	(62)	—	(112)	—
Gain (loss) on disposal of assets	1	(1)	1	(1)
Other income (loss)	—	1	(1)	(4)
Foreign exchange gain (loss)	17	(52)	(9)	(56)
Loss before income taxes	**(5,326)**	**(5,655)**	**(11,503)**	**(9,870)**
Income tax expense (benefit)	(77)	(382)	131	(660)
Net loss	**(5,249)**	**(5,273)**	**(11,634)**	**(9,210)**
Unrealized gain (loss), change in fair value of available-for-sale securities, net of tax	(8)	—	275	—
Change in foreign currency translation	(47)	(40)	(44)	11
Net loss and comprehensive loss	**$ (5,304)**	**$ (5,313)**	**$ (11,403)**	**$ (9,199)**
Weighted average number of common shares - basic and diluted	**979,949,668**	**979,899,668**	**979,949,668**	**979,899,668**
Loss per share - basic and diluted (Note 18)	**$ (0.005)**	**$ (0.005)**	**$ (0.012)**	**$ (0.009)**

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

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Zomedica Corp.

Condensed Consolidated Statements of Shareholders' Equity for the Three and Six Months Ended March 31, 2023 June 30, 2023 and 2022

(Unaudited) (United States Dollars in Thousands)

For the Three Months Ended March 31, 2023				For the Six Months Ended June 30, 2023			
Common Stock	**Additional Paid-In**	**Accumulated**	**Accumulated Comprehensive**	**Common Stock**	**Additional Paid-In**	**Accumulated**	**Accu Compr**

	Shares	Amount	Capital	Deficit	(Loss)	Total	Shares	Amount	Capital	Deficit	
Balance at December 31, 2022	979,949,668	$380,973	$ 23,666	$ (136,404)	$ (843)	$267,392	979,949,668	$380,973	$ 23,666	$ (136,404)	$
Stock-based compensation	—	—	1,765	—	—	1,765	—	—	3,490	—	
Net loss	—	—	—	(6,385)	—	(6,385)	—	—	—	(11,634)	
Other Comprehensive Income	—	—	—	—	286	286	—	—	—	—	
Balance at March 31, 2023	**979,949,668**	**$380,973**	**$ 25,431**	**$ (142,789)**	**$ (557)**	**$263,058**					
Balance at June 30, 2023							**979,949,668**	**$380,973**	**$ 27,156**	**$ (148,038)**	**$**

	For the Three Months Ended March 31, 2022						For the Three Months Ended June 30, 202				
	Common Stock		Additional Paid-In	Accumulated	Accumulated Comprehensive		Common Stock		Additional Paid-In	Accumulated	Accu Compr
	Shares	Amount	Capital	Deficit	(Loss)	Total	Shares	Amount	Capital	Deficit	(
Balance at December 31, 2021	979,899,668	$380,962	$ 9,313	$ (119,391)	$ 2	$270,886					
Balance at March 31, 2023							979,949,668	$380,973	$ 25,431	$ (142,789)	$
Stock-based compensation	—	—	2,041	—	—	2,041	—	—	1,725	—	
Net loss	—	—	—	(3,937)	—	(3,937)	—	—	—	(5,249)	
Other Comprehensive Income	—	—	—	—	51	51	—	—	—	—	
Balance at March 31, 2022	**979,899,668**	**$380,962**	**$ 11,354**	**$ (123,328)**	**$ 53**	**$269,041**					
Balance at June 30, 2023							**979,949,668**	**$380,973**	**$ 27,156**	**$ (148,038)**	**$**

	For the Six Months Ended June 30, 2022					
	Common Stock		Additional Paid-In	Accumulated	Accumulated Comprehensive	
	Shares	Amount	Capital	Deficit	(Loss)	Total
Balance at December 31, 2021	979,899,668	$ 380,962	$ 9,313	$ (119,391)	$ 2	$ 270,886
Stock-based compensation	—	—	4,533	—	—	4,533
Net loss	—	—	—	(9,210)	—	(9,210)
Other Comprehensive Income	—	—	—	—	11	11
Balance at June 30, 2022	**979,899,668**	**$ 380,962**	**$ 13,846**	**$ (128,601)**	**$ 13**	**$ 266,220**

	For the Three Months Ended June 30, 2022					
	Common Stock		Additional Paid-In	Accumulated	Accumulated Comprehensive	
	Shares	Amount	Capital	Deficit	(Loss)	Total
Balance at March 31, 2022	979,899,668	$ 380,962	$ 11,354	$ (123,328)	$ 53	$ 269,041
Stock-based compensation	—	—	2,492	—	—	2,492
Net loss	—	—	—	(5,273)	—	(5,273)

Other Comprehensive Income	—	—	—	—	(40)	(40)
Balance at June 30, 2022	**979,899,668**	**$ 380,962**	**$ 13,846**	**$ (128,601)**	**$ 13**	**$ 266,220**

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

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Zomedica Corp.

Condensed Consolidated Statements of Cash Flows for the Three and Six Months Ended March 31, 2023 June 30, 2023 and 2022

(Unaudited) (United States Dollars in Thousands)

	For the Three Months Ended March 31,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities:				
Net loss	$ (6,385)	$ (3,937)	$ (11,634)	$ (9,210)
Adjustments for:				
Depreciation	164	82	340	161
Amortization - intangible assets	1,199	737	2,492	1,495
Loss on disposal of property and equipment			1	1
Stock-based compensation	1,765	2,041	3,490	4,533
Non cash portion of rent expense	(1)	—	(5)	9
Accretion/amortization of available-for-sale securities	(654)	—	(1,247)	—
Change in assets and liabilities, net of acquisitions:				
Purchased inventory	(731)	(1,005)	(1,561)	(2,572)
Prepaid expenses and deposits	(1,022)	128	297	(410)
Trade receivables	144	(27)	(52)	(96)
Other receivables	263	(25)	14	131
Accounts payable and accrued liabilities	721	(118)	(538)	292
Accrued income tax	46	(23)	(114)	(199)
Deferred tax liabilities	—	(279)	—	(661)
Other current liabilities	(16)	(40)	18	4
Customer contract liabilities	116	(35)	157	(25)
Other liabilities	134	30	409	30
Net cash used in operating activities	**(4,257)**	**(2,471)**	**(7,933)**	**(6,517)**
Cash flows from investing activities:				
Investment in available-for-sale securities	(8,072)	—	17,178	—
Investment in debt security (at fair value)	(1,750)	—	(1,750)	(1,000)
Investment in property and equipment	(113)	(83)	(143)	(151)
Acquisition of intangibles	(4,000)	—	(4,066)	—
Investment in construction in progress	(857)	(123)	(2,690)	(492)
Net cash used in investing activities	**(14,792)**	**(206)**		
Net cash provided by (used in) investing activities			**8,529**	**(1,643)**
(Decrease) increase in cash and cash equivalents	**(19,049)**	**(2,677)**	**596**	**(8,160)**
Effect of exchange rate changes on cash	3	62	(44)	(29)
Cash and cash equivalents, beginning of year	27,399	194,952	27,399	194,952

Cash and cash equivalents, end of period	**$ 8,353**	**$ 192,337**	**$ 27,951**	**$ 186,763**
Noncash activities:				
Change in fair value of available-for-sale securities, net of tax	$ 283	$ —	$ 275	$ —
Transfer of construction in progress into property and equipment and intangibles	$ 401	$ —	$ 1,344	$ —
Transfer of inventory into property and equipment	$ 738	$ 246	$ 668	$ 557
Supplemental cash flow information:				
Interest received	$ 783	$ 90	$ 1,589	$ 384

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

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Zomedica Corp.

Notes to the Consolidated Financial Statements

(United States Dollars in Thousands)

1. Nature of Operations

Zomedica is a veterinary health company creating products for companion animals by focusing on the unmet needs of clinical veterinarians. The Company consists of the parent company, Zomedica Corp. and its wholly-owned U.S subsidiary, Zomedica Inc. and its international subsidiaries.

The impact of the novel strains of coronavirus ("COVID-19") Changes in Macroeconomic Conditions

Since We are currently dealing with the first quarter aftermath of 2020, the world has been impacted by the spread of a novel strain of coronavirus, its variants, and the disease that they cause known as COVID-19. The continued presence of COVID-19 has resulted in global changes in the macro-economic environment including disruptions in supply chain, labor disruptions, challenges in manufacturing, COVID-19 related concerns, challenges selling to customers, declines in customer demand, inflationary pressures, rising interest rates, and an impaired ability to access credit and capital markets, among other things.

The extent There are uncertainties as to which the COVID-19 pandemic outcome of current financial conditions, including recessionary environment or a contraction in the economy, which may impact our business will depend on future developments, which are highly uncertain overall consumer demand and cannot be predicted with confidence, such as the duration of the outbreak, the spread and severity of COVID-19, and the effectiveness of governmental actions in response to the pandemic.

To-date, the emergence of new variants has not caused significant modification to business operations. We intend to continue our research, development, and production related activities for the foreseeable future. supply requirements.

2. Basis of Preparation

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries. Intercompany transactions and balances between consolidated businesses have been eliminated.

The accounting policies set out below have been applied consistently in the consolidated financial statements. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. Significant Accounting Policies

Basis of Measurement

The condensed consolidated financial statements have been prepared on the historical cost basis except as otherwise noted.

Business Combinations

We account for business combinations in accordance with ASC 805, Business Combinations, if the acquired assets assumed and liabilities incurred constitute a business. We consider acquired companies to constitute a business if the acquired net assets and processes have the ability to create outputs in the form of revenue. For acquired companies constituting a business, we recognize the identifiable assets acquired and liabilities assumed at their acquisition-date fair values and recognize any excess of total consideration paid over the fair value of the identifiable net assets as goodwill.

Estimates and Assumptions

In preparing these financial statements, management was required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on our historical experience, the terms of existing contracts, our evaluation of trends in the industry, information provided by our customers and suppliers and information available from other outside sources, as appropriate. These estimates and assumptions are subject to an inherent degree of uncertainty. We are not presently aware of any events or circumstances that would require us to update such estimates and assumptions or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur, and additional information is obtained. As a result, actual results may differ significantly from our estimates, and any such differences may be material to our financial statements.

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Zomedica Corp.

Notes to the Consolidated Financial Statements

(United States Dollars in Thousands)

Functional and Reporting Currencies

The functional currency, as determined by management, for Canada and our subsidiaries in the United States and Switzerland is U.S. dollars, which is also our reporting currency.

The functional currency, as determined by management, for our Japanese subsidiary is Japanese Yen. Japanese Yen are translated for financial reporting purposes with translation gains and losses recorded as a component of other comprehensive income or loss.

In respect of transactions denominated in currencies other than the Company and its wholly owned operating subsidiaries' functional currencies, the monetary assets and liabilities are remeasured at the period end rates. Revenue and expenses are measured at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these transactions are recognized in the consolidated statements of operations and comprehensive loss.

Comparative Figures

A portion of depreciation expense for the three and six months ended June 30, 2023 has been stated as part of cost of revenue for $54, $102 and $193 respectively. The consolidated statements of income and comprehensive income for the period three and six months ended March 31, 2022 June 30,

2022 have been adjusted for $21 of $30 and $51 respectively for depreciation that was included in sales, selling, general, and administrative expense. This amount has been reclassified to cost of revenue to conform to the current year presentation. The change in presentation had no effect on the reported results of operations and does not affect previously reported cash flows from operating activities in the consolidated statements of cash flows.

To better align with the way in which we measure and track our business, we have changed the categorization of products within our segmentation of revenue. A portion of the products in our Therapeutics segment were previously designated as instruments and trodes in our form 10Q for the period ending March 31, 2022 June 30, 2022. These products have since been renamed to be capital and consumables to better align with our other platforms and to provide a more consistent baseline for comparison of the product lines within. Capital refers to the devices we sell within our PulseVet®, Revo Squared®, and VetGuardian® product lines. Consumables continues to include our TRUFORMA® cartridges as it did last year and now includes our PulseVet trodes as well as our Assisi® products. There have been no changes to the overall sales numbers for our Diagnostics and Therapeutics segments, only the product names making up the total.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets held. The Company adopted ASU 2016-13 as of January 1, 2022 and there was no significant impact on its consolidated condensed financial statements and related disclosures as a result. The Company considered, among other things, historical trends and projected economic / market conditions and determined that the estimate of credit losses was not significantly impacted.

Segment Reporting

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The Company's reportable segments consist of Diagnostics and Therapeutics.

Cash and Cash Equivalents

The Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Investment Securities

Our investment securities, which are comprised of corporate bonds/notes and US treasuries, are accounted for in accordance with ASC 320, "Investments – Debt and Equity Securities" ("ASC 320"). The company considers all of its securities for which there is a determinable fair market value, and there are no restrictions on the Company's ability to sell within the next twelve months, as available for sale. We classify these securities as both current and non-current depending on their time to maturity. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported as a component of shareholders' equity.

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Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded net of an allowance for credit losses and have payment terms of 30 days. Our policy for determining the allowance is based on factors that affect collectability, including: (a) historical trends of write-offs, recoveries, and credit losses; (b) the credit quality of our customers; and (c) projected economic and market conditions. As of March 31, 2023 June 30, 2023, our allowance was $47 $66 and was recorded net in trade receivables. While we believe that our allowance for credit losses is adequate and represents our best estimate

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Zomedica Corp.
Notes to the Consolidated Financial Statements
(United States Dollars in Thousands)

as of March 31, 2023June 30, 2023, we continue to closely monitor customer liquidity and industry and economic conditions, which may result in changes to these estimates.

Inventories

Inventories are stated at the lower of cost or net realizable value. The Company utilizes the specific identification and First in, First out ("FIFO") method to track inventory costs. The Company records reserves, when necessary, to reduce the carrying value of inventory to its net realizable value. Management considers forecast demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining excess and obsolescence and net realizable value adjustments. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Property and Equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment losses. Property and equipment acquired in a business combination are recorded at fair value as of the date of acquisition. Maintenance and repair expenditures that do not improve or extend the life are expensed in the period incurred.

Depreciation is recognized so as to write off the cost less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Expenditures related to the planning and operation of the Company's website are expensed as incurred. Expenditures related to the website application and infrastructure development are capitalized and amortized over the website's estimated useful life.

Costs related to acquired customer relationships, developed technology, licenses, trademarks, and tradenames have been capitalized and amortized over the estimated useful life.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when events or circumstances indicate that the carrying value of an asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the sum of estimated undiscounted future cash flows associated with the asset or group of assets is less than its carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. No triggering events were present as of March 31, 2023.

(United States Dollars in Thousands)

Revenue Recognition

The Company enters into agreements which may contain multiple promises where customers purchase products, services, or a combination thereof. Determining whether products and services are considered distinct performance obligations that should be accounted for separately requires judgment. We determine the transaction price for a contract based on the total consideration we expect to receive in exchange for the transferred goods or services.

The Company allocates revenue to each performance obligation in proportion to the relative standalone selling prices and recognizes revenue when control of the related goods or services is transferred for each obligation. We utilize the observable standalone selling price when available, which represents the price charged for the performance obligation when sold separately.

The Company's contracts with customers are generally comprised of purchase orders for the sale of the point of care instrument, consumable products, and extended warranties, or some variation thereof. The instrument and consumables each represent a single performance obligation when sold separately, that is satisfied at a point in time upon transfer of control of the product to the customer which is typically upon receipt of the goods by the customer. The extended warranties are also a separate performance obligation, whereby revenue is recognized over time.

The nature of the Company's PulseVet® business gives rise to variable consideration, including discounts and applicator ("trode") returns for refurbishment. Credits are issued for unused shocks on returned trodes, which can be used toward the purchase of replacement trodes. Discounts and the estimated unused shock credits decrease the transaction price, which reduces revenue. Variable consideration related to unused shock credits is estimated using the expected value method, which estimates the amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are based upon historical experience and known trends. These estimated credits are nonrefundable and may only be used towards the purchase of future trode refurbishments. This practice encourages refurbishment purchase prior to complete utilization of the previous trode, so the customer will always have a trode on hand with ample capacity to perform treatments.

At times the Company receives consideration prior to when the performance obligation is completed, giving rise to a contract liability. Sales are recorded net of sales tax. Sales tax is charged on sales to end users and remitted to the appropriate state authority.

Disaggregated revenue for the three and six months ended March 31, 2023 June 30, 2023 and 2022 is as follows:

	For the Three Months Ended March 31,						For the Three Months Ended June 30,						For the Six Months Ended June 30,					
	Diagnostics		Therapeutics		Consolidated		Diagnostics		Therapeutics		Consolidated		Diagnostics		Therapeutics		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Capital	$ 217	$ -	$1,493	$1,590	$1,710	$1,590	$ 67	$ -	$1,892	$1,543	$1,959	$1,543	$ 284	$ -	$ 3,386	$3,102	$ 3,670	$3,102

(United States Dollars in Thousands)

Consumables	182	57	3,567	1,952	3,749	2,009	182	92	3,850	2,579	4,032	2,671	364	148	7,416	4,680	7,780	4,828
Other (e.g., warranty and repairs)	-	-	23	152	23	152	-	-	29	32	29	32	-	-	52	67	52	67
Total revenue	**$ 399**	**$ 57**	**$5,083**	**$3,694**	**$5,482**	**$3,751**	**$ 249**	**$ 92**	**$5,771**	**$4,154**	**$6,020**	**$4,246**	**$ 648**	**$ 148**	**$10,854**	**$7,849**	**$11,502**	**$7,997**

Cost of Revenue

Cost of goods sold consists of overhead, materials, labor, and shipping costs incurred internally to produce and receive the products. Shipping and handling costs incurred by the Company are included in cost of revenue.

Research and Development

Research and development costs related to continued research and development programs are expensed as incurred.

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Stock-based Compensation

The Company calculates stock-based compensation using the fair value method, under which the fair value of the options at the grant date is calculated using the Black-Scholes Option Pricing Model, and subsequently expensed over the vesting period of the option using the graded vesting method. The provisions of the Company's stock-based compensation plans do not require the Company to settle any options by transferring cash or other assets, and therefore the Company classifies the awards as equity. Stock-based compensation expense recognized during the period is based on the value of stock-based payment awards that are ultimately expected to vest.

The Company estimates forfeitures at the time of grant and revises the estimate, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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Income Taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes, on a tax jurisdictional basis. The Company files income tax returns in Canada and the province of Alberta and its subsidiaries file income tax returns in the United States and various states, including in Michigan where the Company's headquarters are located.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the tax bases basis of assets and liabilities and their financial statement reported amounts using enacted tax rates and laws in effect in the year in which the differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is determined to be more likely than not that the deferred tax asset will not be realized.

The Company assesses the likelihood of the financial statement effect of an uncertain tax position that should be recognized when it is more likely than not that the position will be sustained upon examination by a taxing authority based on the technical merits of the tax position, circumstances, and information available as of the reporting date. The Company is subject to examination by taxing authorities in the United States, Canada, Japan, and Switzerland. The Company recognizes tax-related interest and penalties, if any, as a component separate from income tax expense.

Comprehensive Loss

The Company follows ASC topic 220. This statement establishes standards for reporting and display of comprehensive (loss) income and its components. Comprehensive loss is net loss plus certain items that are recorded directly to shareholders' equity. The Company has recorded a currency translation adjustment associated with its Japanese subsidiary.

Loss Per Share

Basic loss per share ("EPS") is computed by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted EPS reflects the potential dilution that could occur from common shares issuable through the exercise or conversion of stock options, restricted stock awards, warrants and convertible securities. In certain circumstances, the conversion of options is excluded from diluted EPS if the effect of such inclusion would be anti-dilutive.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements in accordance with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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Critical areas of estimation and judgements in applying accounting policies include the following:

Intangible Assets and Business Combinations

Assets acquired and liabilities assumed as part of a business combination are recognized at their acquisition date fair values. In determining these fair values, we utilize various forms of the income, cost, and market approaches depending on the asset or liability being valued.

We use a discounted cash flow model to measure the customer relationship, developed technology, license, trademark, and tradename assets. The estimation of fair value requires significant judgment related to future net cash flows based on assumptions related to revenue and EBITDA growth rates, discount rates, and attrition factors. Inputs are generally determined by taking into account competitive trends, market comparisons, independent appraisals, and historical data, among other factors, and are supplemented by current and anticipated market conditions.

Impairment Testing

We evaluate goodwill for impairment annually or more frequently when an event occurs or circumstances change indicating the carrying value may not be recoverable. When testing goodwill for impairment, we may first assess qualitative factors to determine if it is more likely than not the carrying value of a reporting unit exceeds its estimated fair value. During a qualitative analysis, we consider the impact of changes, if any, to the following factors: macroeconomic, industry and market factors; cost factors; changes in overall financial performance; and any other relevant events and uncertainties impacting a reporting unit. If our qualitative assessment indicates a goodwill impairment is more likely than not, we perform additional quantitative analyses. We may also elect to skip the qualitative testing and proceed directly to the quantitative testing. For reporting units where a quantitative analysis is performed, we perform a test measuring the fair values of the reporting units and comparing them to their aggregate carrying values, including goodwill. If the fair value is less than the carrying value of the reporting unit, an impairment is recognized for the difference, up to the carrying amount of goodwill.

We estimate the fair values of our reporting units using a discounted cash flow method or a weighted combination of discounted cash flows and a market-based method. The discounted cash flow method includes assumptions about a wide variety of internal and external factors. Significant assumptions used in the discounted cash flow method include financial projections of free cash flow, including revenue trends, medical costs trends, operating productivity, income taxes and capital levels; long-term growth rates for determining terminal value beyond the discretely forecasted periods; and discount rates. Financial projections and long-term growth rates used for our reporting units will be consistent with, and use inputs from, our internal long-term business plan and strategies.

Discount rates will be determined for each reporting unit and include consideration of the implied risk inherent in their forecasts. Our most significant estimate in the discount rate determinations involves our adjustments to the peer company weighted average costs of capital reflecting reporting unit-specific factors. We do not make any adjustments to decrease a discount rate below the calculated peer company weighted average cost of capital for any reporting unit. Company-specific adjustments to discount rates are subjective and thus are difficult to measure with certainty.

The passage of time and the availability of additional information regarding areas of uncertainty with respect to the reporting units' operations could cause these assumptions to change in the future. Additionally, as part of our quantitative impairment testing, we perform various sensitivity analyses on certain key assumptions, such as discount rates, cash flow projections, and peer company multiples to analyze the potential for a material impact. The market-based method requires determination of an appropriate peer group whose securities are traded on an active market. The peer group is used to derive market multiples to estimate fair value.

Valuation and Payback of Property and Equipment

Diagnostic based TRUFORMA® capital is placed in fixed assets once purchased or manufactured, where they remain, undepreciated, until they are placed with our customers under the agreement that they will repeatedly purchase consumables or services which are utilized within. Each instance of this placed capital represents an asset that we own. An estimate is made of the anticipated future revenue over its respective life which is ten years. If the payback period of the initial investment in the asset is less than the ten-year life of the asset, we conclude that the assets have been properly recorded, and no write-down is necessary. We rely on third-party data that considers various data points and assumptions, including, but not limited to, the expected volume of consumables which will be sold, anticipated growth rates, and anticipated placements. Realization of the anticipated revenue is dependent on the current assumptions and forecasted models.

Revenue Recognition and Liabilities Due to Customers

The nature of the Company's business gives rise to variable consideration, including discounts and applicator ("trode") returns for refurbishment. Credits are issued for unused shocks on returned trodes, which can be used toward the purchase of replacement trodes. Discounts and the estimated unused shock credits decrease the transaction price, which reduces revenue. Variable consideration related to unused shock credits is estimated using the expected value method, which estimates the amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends. These estimated credits are non-refundable and may only be used towards the purchase of future trode refurbishments. This practice encourages refurbishment purchase prior to complete utilization of the previous trode, so the customer will always have a trode at hand with ample capacity to perform treatments.

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5. Investment Securities

The following represents the Company's investment securities as of March 31, 2023 June 30, 2023 (in thousands):

	Acquisition Cost	Accretion / (Amortization)	Unrealized Gain / (Loss)	Estimated Fair Value	Acquisition Cost	Accretion / (Amortization)	Unrealized Gain / (Loss)	Estimated Fair Value
Commercial paper	$ 29,490	$ 583	$ (71)	$ 30,002	$ 16,772	$ 535	$ (12)	$ 17,295
Corporate notes / bonds	43,163	303	(425)	43,041	39,204	408	(392)	39,220
Debt security	2,750	-	-	2,750	2,750	-	-	2,750
U.S. treasuries	16,815	146	(90)	16,871	12,639	177	(127)	12,689
U.S. govt. agencies	46,484	151	(192)	46,443	42,549	194	(255)	42,488
Money market funds	4,907	-	-	4,907	25,310	-	-	25,310
Total investment securities	**$ 143,609**	**$ 1,183**	**$ (778)**	**$ 144,014**	**$ 139,224**	**$ 1,314**	**$ (786)**	**$ 139,752**

Accretion / (amortization) refers to the discounts and premiums incurred on bonds and notes purchased and are included within interest income on our consolidated income statement.

Accrued interest receivable related to the above investment securities amounted to $690 $771 and is included within Other Receivables on our consolidated balance sheet. sheets.

Contractual maturities of investment securities as of March 31, 2023 June 30, 2023 are as follows (in thousands):

	Acquisition Cost	Estimated Fair Value	Acquisition Cost	Estimated Fair Value
Original maturities of 90 days or less	$ 4,907	$ 4,907	$ 25,310	$ 25,310
Original maturities of 91-365 days	112,175	112,698	101,877	102,522
Original maturities of 366+ days	26,527	26,409	12,037	11,920
Total investment securities	**$ 143,609**	**$ 144,014**	**$ 139,224**	**$ 139,752**

(United States Dollars in Thousands)

6. Fair Value Measurements

In accordance with FASB ASC 820, "Fair Value Measurements and Disclosures," ("ASC 820"), the Company measures its cash and cash equivalents and investments at fair value on a recurring basis. The company also measures certain assets and liabilities at fair value on a non-recurring basis when applying acquisition accounting.

ASC Topic 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

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As a basis for considering such assumptions, ASC Topic 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1:	Observable inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Observable inputs other than quoted prices included in Level 1 for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
Level 3:	Unobservable data points for the assets or liability, and include situations where there is little, if any, market activity for the asset or liability. Valuations based on inputs that are unobservable and involve management judgement and the reporting entity's own assumptions about market participants and pricing.

Cash and cash equivalents, accounts receivable, and accounts payable: The carrying amount of these assets approximate fair value due to the short maturity of these instruments. Cash and cash equivalents include marketable securities with an original maturity within 90 days.

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Available-for-sale securities: The Company classifies marketable securities and other highly liquid investments, with a maturity of greater than three months and that can be readily purchased or sold using established markets, as available-for-sale. These investments are reported at fair value on the Company's consolidated balance sheets and unrealized gains and losses are reported as a component of shareholders' equity.

Earnout liability: The Company has reported the fair value of the earnout liability within other liabilities on the consolidated balance sheet. See footnote 7 for additional details.

Included within these available-for-sale securities are $2,750 in convertible notes associated with Structured Monitoring Products, Inc.'s ("SMP") VetGuardian® line. There were no unrealized gains or losses recorded and no impairments recognized as of March 31, 2023 June 30, 2023.

(United States Dollars in Thousands)

In accordance with the fair value hierarchy described above, the following table shows the fair value of our investments as of March 31, 2023 June 30, 2023:

	Level 1	Level 2	Level 3	Estimated Fair Value	Level 1	Level 2	Level 3	Estimated Fair Value
Commercial paper	$ -	$ 30,002	$ -	$ 30,002	$ -	$17,295	$ -	$ 17,295
Corporate notes / bonds	-	43,041	-	43,041	-	39,220	-	39,220
Debt security	-	-	2,750	2,750	-	-	2,750	2,750
U.S. treasuries	16,871	-	-	16,871	12,689	-	-	12,689
U.S. govt. agencies	46,443	-	-	46,443	42,488	-	-	42,488
Money market funds	4,907	-	-	4,907	25,310	-	-	25,310
Total investment securities	**$ 68,221**	**$ 73,043**	**$ 2,750**	**$ 144,014**	**$80,487**	**$56,515**	**$2,750**	**$ 139,752**

The following table shows these same investments and their respective balance sheet classifications:

	Cash & Cash Equiv.	Available-For-Sale (Current)	Available-For-Sale (Non-Current)	Estimated Fair Value	Cash & Cash Equiv.	Available-For-Sale (Current)	Available-For-Sale (Non-Current)	Estimated Fair Value
Commercial paper	$ -	$ 30,002	$ -	$ 30,002	$ -	$ 17,295	$ -	$ 17,295
Corporate notes / bonds	-	32,794	10,247	43,041	-	37,928	1,292	39,220
Debt security	-	-	2,750	2,750	-	-	2,750	2,750
U.S. treasuries	-	12,056	4,815	16,871	-	10,740	1,949	12,689
U.S. govt. agencies	-	37,846	8,597	46,443	-	36,559	5,929	42,488
Money market funds	4,907	-	-	4,907	25,310	-	-	25,310
Total investment securities	**$ 4,907**	**$ 112,698**	**$ 26,409**	**$ 144,014**	**$25,310**	**$ 102,522**	**$ 11,920**	**$ 139,752**

Unrealized gains on our investments have not been recorded into income as we do not intend to sell nor is it more likely than not that we will be required to sell these investments prior to recovery of their amortized cost basis. The decline in fair value of our debt securities is largely due to the rising interest rate environment driven by current market conditions that have resulted in higher credit spreads. The

credit ratings associated with our debt securities are mostly unchanged, are highly rated, and the debtors continue to make timely principal and interest payments. As a result, there were no credit or non-credit impairment charges recorded through March 31, 2023 June 30, 2023.

7. Business Combinations

All of the Company's acquisitions of businesses have been accounted for under ASC 805, Business Combinations. Accordingly, the assets of the acquired companies reflect the fair values and have been included in the Company's Condensed Financial Statements from their respective dates of acquisition.

The results of operations of Pulse Veterinary Technologies, LLC, Revo Squared LLC, and Assisi Animal Health, LLC have been included in the Company's Condensed Financial Statements since the dates of acquisition on October 1, 2021, June 14, 2022, and July 15, 2022, respectively.

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2022 Acquisitions

Asset Purchase Agreement with Assisi Animal Health LLC

On July 15, 2022, Zomedica Corp. and its wholly owned subsidiary Zomedica Inc. entered into an Asset Purchase Agreement with Assisi Animal Health LLC ("Assisi"), its wholly owned subsidiary, AAH Holdings LLC, and certain of Assisi's members (collectively the "Seller") pursuant to which Zomedica Inc. agreed to acquire substantially all of the assets related to the Assisi® product lines. The Sellers were in the business of developing, manufacturing, marketing, distributing and selling animal health products which use targeted Pulsed Electromagnetic Field (PEMF) therapy to decrease pain and inflammation, accelerate healing, and reduce anxiety that include the Assisi Loop®, Assisi Loop Lounge®, Assisi DentaLoop® and Calmer Canine® product lines.

Zomedica Inc. paid Assisi a purchase price of $18,293 in cash, which was subject to adjustments based on, among other things, the value of Assisi's inventory and prepaid expenses at the closing of the acquisition. A portion of the purchase price ($1,400) was deposited into a third-party escrow account to support AAH Holdings LLC and certain of Assisi's members' indemnification obligation under the Purchase Agreement, of which $500 was released and $900 will be distributed to Assisi on the 18-month anniversary of the Closing Date, respectively, less the amount of prior or pending indemnification claims. The Company also issued to Assisi a ten-year warrant to purchase an aggregate of 22,000,000 of the Company's common shares at a per share exercise price equal to $0.252. The warrants may be exercised on a cash or cashless basis, at the election of the warrant holder.

As a result of total consideration exceeding the preliminary fair value of the net assets acquired, goodwill in the amount of $14,329 was recorded in connection with this acquisition, which will be deductible for US tax purposes. The goodwill largely results from our ability to market and sell their respective products and services through our established customer base.

The Company made a preliminary allocation of the purchase price for Assisi's asset base based on its understanding of the fair value of the acquired assets and assumed liabilities. As the Company continues to obtain additional information about these assets and liabilities, including intangible asset appraisals, inventory valuation, and accrued expenses, and continues to integrate the newly acquired business, the Company will refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. The Company will continue to make required adjustments to the purchase price allocation prior to the completion of the acquisition period.

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The following table summarizes the preliminary acquisition date fair values of the assets acquired and liabilities assumed and subsequent initial period adjustments:

	Initial	**Measurement**

(United States Dollars in Thousands)

	Allocation of Consideration	Period Adjustments	Updated Allocation
Inventory, net	$ 220	$ —	$ 220
Prepaid expenses and deposits	271	—	271
Other receivables	406	(206)	200
Right of use asset	—	260	260
Intangible Assets (estimated useful life)			
E-commerce technology (2 years)	200	—	200
Trade name (5 years)	300	—	300
Developed technology (10 years)	4,500	—	4,500
Customer relationships (19 years)	2,800	—	2,800
Total assets acquired	**8,697**	**54**	**8,751**
Current portion of lease obligations	—	49	49
Non current portion of lease obligations	—	211	211
Other non current liabilities	45	—	45
Total liabilities assumed	**45**	**260**	**305**
Net assets acquired, excluding goodwill	8,652	(206)	8,446
Goodwill	14,329	206	14,535
Net assets acquired	**$ 22,981**	**$ —**	**$ 22,981**

Purchase price consideration was made up of the following:

Cash	$ 18,293
Fair value of warrants	$ 4,688
Total	**$ 22,981**

The determination of the final purchase price allocation to specific assets and liabilities assumed is incomplete. The purchase price allocation may change in future periods as the fair value estimates of the assets (including intangibles) and liabilities are adjusted.

The following table provides unaudited proforma financial information, prepared in accordance with Topic 805, for the three and six months ended March 31, 2023 June 30, 2023 and 2022, as if Assisi had been acquired as of January 1, 2022. Proforma results do not include the effect of any synergies anticipated to be achieved from the acquisition, and accordingly, are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the date indicated or that may result in the future.

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Net Revenue	$ 5,482	$ 5,054	$ 6,020	$ 5,542	$ 11,502	$ 10,595
Net Losses	$ (6,385)	$ (4,519)	$ (5,249)	$ (5,330)	$ (11,634)	$ (9,849)

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The proforma amounts have been calculated by including the results of Assisi, and adjusting the combined results to give effect to the following, as if the acquisitions had been consummated on January 1, 2022, together with the consequential tax effects thereon:

	For the Three Months Ended March 31,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Adjustments to net revenues						
Assisi preacquisition revenues	$ -	$ 1,303	$ -	$ 1,296	$ -	$ 2,598
Adjustments to net income						
Assisi preacquisition net losses	$ -	$ (582)	$ -	$ (57)	$ -	$ (639)

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Asset Purchase Agreement with Revo Squared LLC

On June 14, 2022, Zomedica Corp. and its wholly owned subsidiary Zomedica Inc. entered into an Asset Purchase Agreement with Revo Squared LLC ("Revo Squared") and its majority member pursuant to which Zomedica Inc. agreed to acquire substantially all of the assets of Revo Squared. Revo Squared, based in Marietta, Georgia, was in the business of developing, manufacturing, marketing, distributing, and selling diagnostic imaging products and services for use in animal health, including its SuperView™, Sonoview™ Color ultrasound, Sonoview Mini/Mini Plus ultrasound, and Microview™ product offerings.

On July 1, 2022, the parties consummated the acquisition. At the closing, Zomedica Inc. paid Revo Squared a base purchase price of $6,011 in cash, which was subject to adjustments based on the amount of Revo Squared's working capital at the closing. On this date, $500 of the purchase price was deposited into a third-party escrow account for a period of fifteen months to support Revo Squared's indemnification obligation under the Purchase Agreement. The Company also issued to Revo Squared a ten-year warrant to purchase an aggregate of 10,000,000 of the Company's common shares at a per share exercise price equal to $0.2201. The warrants may be exercised on a cash or cashless basis, at the election of the warrant holder.

In addition, Zomedica Inc. has agreed to pay Revo Squared aggregate earn-out payments of up to $4,000 based on the achievement of milestones related to future net sales from Revo Squared Products. One-time earn-out payments of $2,000 each will be payable upon net sales from Revo Squared Products exceeding $5,000 and $10,000 during any calendar year ending on or prior to December 31, 2027. The fair value of the earnout liability was adjusted from $2,000 to $1,500 at December 31, 2022. Fair value of the earnout was determined using Level 3 inputs.

As a result of total consideration exceeding the preliminary fair value of the net assets acquired, goodwill in the amount of $6,528 was recorded in connection with this acquisition, which will be deductible for US tax purposes. The goodwill largely results from our ability to market and sell their respective products and services through our established customer base.

The Company made a preliminary allocation of the purchase price for Revo Squared's asset base based on its understanding of the fair value of the acquired assets and assumed liabilities. As the Company continues to obtain additional information about these assets and liabilities, including intangible asset appraisals, inventory valuation, and accrued expenses, and continues to integrate the newly acquired business, the Company will refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. The Company will continue to make required adjustments to the purchase price allocation prior to the completion of the acquisition period.

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The following table summarizes the preliminary acquisition date fair values of the assets acquired and liabilities assumed and subsequent initial period adjustments:

	Initial Allocation of Consideration	Measurement Period Adjustments	Updated Allocation
Trade receivables, net	$ 8	$ —	$ 8
Prepaid expenses and deposits	10	—	10
Intangible Assets (estimated useful life)			
Trade name (5 years)	200	—	200
Developed technology (10 years)	2,300	—	2,300
Customer relationships (16 years)	1,200	—	1,200
Total assets acquired	**3,718**	**—**	**3,718**
Earnout liabilities	2,458	(458)	2,000
Total liabilities assumed	**2,458**	**(458)**	**2,000**
Net assets acquired, excluding goodwill	1,260	458	1,718
Goodwill	6,528	(458)	6,070
Net assets acquired	**$ 7,788**	**$ —**	**$ 7,788**

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Purchase price consideration was made up of the following:

Cash	$	6,011	$6,011
Fair value of warrants	$	1,777	1,777
Total	**$**	**7,788**	**$7,788**

The determination of the final purchase price allocation to specific assets and liabilities assumed is incomplete. The purchase price allocation may change in future periods as the fair value estimates of the assets (including intangibles) and liabilities are adjusted.

8. Inventory

Inventory details are as follows:

March 31, 2023	December 31, 2022	June 30, 2023	December 3

	Diagnostics	Therapeutics	Consolidated	Diagnostics	Therapeutics	Consolidated	Diagnostics	Therapeutics	Consolidated	Diagnostics	Therapeu
Raw Materials	$ 265	$ 1,469	$ 1,734	$ —	$ 1,685	$ 1,685	$ 1	$ 2,210	$ 2,211	$ —	$ 1,6
Finished Goods	93	352	445	—	182	182	339	342	681	—	1
Purchased Inventory	94	494	588	139	780	919	287	488	775	139	7
Total	**452**	**2,315**	**2,767**	**139**	**2,647**	**2,786**	**627**	**3,040**	**3,667**	**139**	**2,6**
Reserves	(2)	(22)	(24)	(18)	(22)	(40)	(11)	(22)	(33)	(18)	(
Net inventory	**$ 450**	**$ 2,293**	**$ 2,743**	**$ 121**	**$ 2,625**	**$ 2,746**	**$ 616**	**$ 3,018**	**$ 3,634**	**$ 121**	**$ 2,6**

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9. Prepaid Expenses and Deposits

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Deposits	$ 2,274	$ 1,886	$ 2,668	$ 1,886
Prepaid marketing	72	114	109	114
Prepaid insurance	570	614	574	614
Prepaid taxes	1,733	753	—	753
Other	360	620	337	620
Total prepaid expenses and deposits	**$ 5,009**	**$ 3,987**	**$ 3,688**	**$ 3,987**

10. Property and Equipment

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Machinery and office equipment	$ 6,544	$ 6,487	$ 7,209	$ 6,487
Furniture and equipment	120	111	120	111
Laboratory equipment	337	249	337	249
Leasehold improvements	1,239	1,239	1,239	1,239
	8,240	**8,086**	**8,905**	**8,086**
Accumulated depreciation and amortization	1,441	1,277	1,614	1,277
Net property and equipment	**$ 6,799**	**$ 6,809**	**$ 7,291**	**$ 6,809**

Depreciation expense for the three six months ended March 31, 2023 June 30, 2023 and 2022 was $164 $340 and $82, $161, respectively.

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Zomedica Corp.
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(United States Dollars in Thousands)

11. Intangible Assets

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Computer software	$ 704	$ 350	$ 1,635	$ 350
Customer relationships	26,651	26,651	26,651	26,651
Licenses	7,479	-	7,479	-
Technology	15,650	15,650	15,650	15,650
Trademarks	16	16	16	16
Tradename	2,850	2,850	2,850	2,850
Website	962	962	962	962
	54,312	**46,479**	**55,243**	**46,479**
Accumulated amortization	5,879	4,680	7,172	4,680
Net intangibles	**$ 48,433**	**$ 41,799**	**$ 48,071**	**$ 41,799**

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Zomedica Corp.
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Included within intangibles are Qorvo related licenses of $7,479 comprised of a one-time license fee of $4,000 that was paid on the effective date of the agreement and the discounted value of an obligation to make a second $4,000 payment upon completion of the installation qualification process for a cartridge production line. The liability associated with the second payment is being recorded in the "Liability Due to Qorvo" line in our Condensed Consolidated Balance Sheets.

The estimated future amortization of intangible assets is as follows:

2023	$ 3,731	$ 2,647
2024	4,933	5,243
2025	4,769	5,080
2026	4,536	4,637
2027 and beyond	30,464	30,464

(United States Dollars in Thousands)

Total	**$**	**48,433**	**$48,071**

Amortization expense for the three six months ended March 31, 2023 June 30, 2023 and 2022 was $1,199 $2,492 and $737, $1,495, respectively.

12. Leases

On February 1, 2021 the Company downsized its office space and modified its existing lease with Wickfield Phoenix LLC. The new lease period was for forty-eight months, commencing on February 1, 2021 and ending on January 31, 2025 with a monthly rent payment of $12 for the first two months and escalating to $31 over the lease period. The carrying value of the right of use asset was $1,258 upon modification using the Company's incremental borrowing rate of 3.95%. During the period ending March 31, 2021 the Company recorded a gain on right-of-use asset of $24 in the consolidated statements of comprehensive loss.

On September 15, 2021, the Company entered into an additional lease with Wickfield Phoenix LLC for warehousing space. The new lease period is for forty-one months, commencing on September 15, 2021, and ending on January 31, 2025, with a monthly rent payment of $5 for the first month and escalating to $10 over the lease period. The Company recorded a right-of-use asset and corresponding lease liability for $366 using the Company's incremental borrowing rate of 3.95%.

On April 1, 2022, the Company entered into an agreement with ULF Northfield Business Center LLC to lease 12,400 square feet of office and warehouse space. The lease period is for sixty-one months beginning on April 1, 2022, with a monthly rent payment of $9 for the first twelve months and escalating to $11 per month over the lease period. The Company recorded a right-of-use asset and corresponding lease liability for $546 using an incremental borrowing rate of 3.95%.

On July 1, 2022, as part of the Revo Squared Purchase, the Company assumed an agreement with Lebow 1031 Legacy, LLC to lease 4,626 square feet of office space. The remaining lease period assumed at the time of the agreement is for eighteen months beginning on July 1, 2022 and lasting through December of 2023. The lease has a monthly rent payment of $4 per month over the lease period. The Company recorded a right-of-use asset and corresponding lease liability for $67 using an incremental borrowing rate of 7.00%.

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On July 15, 2022, as part of the Assisi asset purchase agreement, the Company assumed a license agreement pursuant to a lease agreement between The Wheelership LLC and The Realty Associates Fund XII portfolio, L.P., whereby Assisi sublet 5,185 square feet of warehousing space. The remaining lease period assumed at the time of the agreement is for fifty-two months beginning on August 16, 2022 and lasts through November of 2026. The lease has a rent payment of $4 for the first month and escalates to $6 per month over the lease period. The Company recorded a right-of-use asset and corresponding lease liability for $260 using an incremental borrowing rate of 7.00%.

On May 10, 2023, the Company amended the lease agreement with ULF Northfield Business Center LLC to expand the lease by 6,000 square feet, to a total of 18,400 square feet, and extend the lease term from the date ending April 30, 2027 to sixty months after the earlier of the date on which the landlord delivers the expanded premises to the Company or December 1, 2023. The expanded premises has not yet been delivered to the Company, but upon delivery, the rent will increase to $16 for the first month and escalate over the course of the lease to $22 per month in the final year.

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(United States Dollars in Thousands)

For the three and six months ended March 31, 2023 and 2022, June 30, 2023, the Company recognized $199 $213 and $152 $412 in rent expense inclusive of common area maintenance (CAM) charges, insurance, and tax with $23 and $41 recorded into cost of revenue, $66 and $106 recorded in research and development expenses, and $124 and $265 recorded in general and administrative expense in the consolidated statements of comprehensive loss.

For the three and six months ended June 30, 2022, the Company recognized $179 and $331 in rent expense inclusive of common area maintenance (CAM) charges, insurance, and tax with $18 and $0 recorded into cost of revenue, $40 and $16 $34 recorded in research and development expenses, and $141 $161 and $136 $297 recorded in general and administrative expense in the consolidated statements of comprehensive loss. We did not transfer any of the rent to cost of revenue in 2022.

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Right-of-use asset				
Cost				
Aggregate lease commitments	$ 2,759	$ 2,759	$ 2,759	$ 2,759
Less: impact of present value	(262)	(262)	(262)	(262)
Balance	**$ 2,497**	**$ 2,497**	**$ 2,497**	**$ 2,497**
Reduction in right-of-use asset				
Straight line amortization	1,119	946	1,292	946
Interest	(133)	(114)	(150)	(114)
Balance	**$ 986**	**$ 832**	**$ 1,142**	**$ 832**
Net book value as at:				
Balance	**$ 1,511**	**$ 1,665**	**$ 1,355**	**$ 1,665**
Lease liabilities				
Additions	$ 2,520	$ 2,520	$ 2,520	$ 2,520
Payments	(1,071)	(896)	(1,248)	(896)
Interest	133	114	150	114
Total lease liabilities	**$ 1,582**	**$ 1,738**	**$ 1,422**	**$ 1,738**
Current portion of lease liabilities	641	641	641	641
Long term portion of lease liabilities	941	1,097	781	1,097
Total lease liabilities	**$ 1,582**	**$ 1,738**	**$ 1,422**	**$ 1,738**

Total remaining undiscounted lease liabilities related to the above lease are as follows:

2023	531	$ 354
2024	679	679
2025	237	237
2026	197	197
2027	44	44
Total lease payments	**$ 1,688**	**$1,511**
Less imputed interest	106	89
Total	**$ 1,582**	**$1,422**

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Zomedica Corp.

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Our weighted-average remaining lease term and discount rate are as follows:

	Three Six Months Ended March 31, June 30, 2023
Weighted-average remaining lease term	2.7 2.5 years
Weighted-average discount rate	4.5%

13. Stock-Based Compensation

During the three and six months ended March 31, 2023 June 30, 2023, the Company issued 6,710,000 1,455,000 and 8,165,000 stock options to purchase an aggregate of 6,710,000 1,455,000 and 8,165,000 common shares. These options also vest over a period of four years and have an expiration period of 10 years.

During the three and six months ended March 31, 2022 June 30, 2022, the Company issued 14,425,000 6,575,000 and 21,000,000 stock options to purchase an aggregate of 14,425,000 6,575,000 and 21,000,000 common shares. These options also vest over a period of four years and have an expiration period of 10 years.

The continuity of stock options are as follows:

	Number of Options	Weighted Avg Exercise Price	Number of Options	Weighted Avg Exercise Price
Balance at December 31, 2022	84,112,443	$ 0.3602	84,112,443	$ 0.3602
Stock options granted	6,710,000	0.2431	8,165,000	0.1998
Stock options forfeited	705,000	0.4063	2,095,000	0.3441
Vested stock options expired	462,500	1.5459	727,500	1.1228
Balance at March 31, 2023	**89,654,943**	**$ 0.3449**		
Vested at March 31, 2023	**27,066,474**	**$ 0.3484**		
Balance at June 30, 2023			**89,454,943**	**$ 0.3397**
Vested at June 30, 2023			**30,045,224**	**$ 0.3497**

As of March 31, 2023 June 30, 2023, details of the issued and outstanding stock options are as follows:

Grant Year	Weighted Avg. Exercise Price	Number of Options Issued and Outstanding	Grant Year	Weighted Avg. Exercise Price	Number of Options Issued and Outstanding	Number of Vested Options Outstanding	Number of Unvested Options Outstanding
			2020	0.22	17,252,724 17,137,724	14,478,974 15,938,974	2,773,750 1,198,750

2021	0.65 0.66	20,300,000 20,050,000	6,150,000 6,900,000	14,150,000 13,150,000		
2022	0.27	45,392,219 44,142,219	6,437,500 7,206,250	38,954,719 36,935,969		
2023	0.24	6,710,000 8,125,000	—	6,710,000 8,125,000		
Balance at March 31, 2023 June 30, 2023		**89,654,943 89,454,943**	**27,066,474 30,045,224**	**62,588,469 59,409,719**		

The Company calculates volatility of stock-based compensation using the historical price of the Company's stock. An increase/decrease in the v in an increase/decrease in the fair value of the options.

The fair value of options granted during the three months ended March 31, 2023 June 30, 2023 and the twelve months ended December 31, 20 the Black-Scholes option pricing model to determine the fair value of options granted using the following assumptions:

Grant Year	Weighted Avg. Volatility	Weighted Avg. Risk-Free Int. Rate

Grant Year	Weighted Avg. Volatility	Weighted Avg. Risk-Free Int. Rate	Weighted Avg. Expected Life (In Years)	Weighted Avg. Common Sh Price
2020	96 %	0.47 %	9.53	$
2021	117	1.08 1.09	6.20	
2022	112	3.09 3.10	5.92 5.91	0.27
2023	110	3.67 3.69	6.25	0.24

For the three months ended March 31, 2023 and 2022, the Company recorded $1,765 and $2,041 of stock-b

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Zomedica Corp.

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(United States Dollars in Thousands)

For the three months and six months ended June 30, 2023, the Company recorded $1,725 stock-based expense. For the three months and six months ended June 30, 2022, the Com $2,492 and $4,533 of stock-based expense.

14. Warrants

The Company values warrants issued in equity placements using the Black Scholes model to a value of the proceeds from equity financings using a relative fair value approach. Like oth compensation, management uses judgment to determine the inputs to the Black-Scholes model including the expected life, and underlying share price volatility. Changes in these as impact the calculation of fair value and the value attributed to the warrants. The Comp volatility of warrants based on the historical price of the Company's stock. An increase/d volatility would have resulted in an increase/decrease in the fair value of the options.

In connection with the July 1, 2022 asset acquisition of Revo Squared, the Company year warrant to purchase 10,000,000 common shares at a per share exercise price equal t

warrants may be exercised on a cash or cashless basis, at the election of the warrant holde
31, 2023 June 30, 2023, no warrants have been exercised.

In connection with the July 15, 2022 asset acquisition of Assisi, the Company issued a ten-y
purchase 22,000,000 common shares at a per share exercise price equal to $0.2520. The wa
exercised on a cash or cashless basis, at the election of the warrant holder. As of March 31
2023, no warrants have been exercised.

As of March 31, 2023 June 30, 2023, details of the outstanding warrants were as follows:

Original Issue date	Exercise Price	Warrants Outstanding	Weighted Average Remaining Life	Exercise Price	Warrants Outstanding
February 14, 2020 (Series A)	0.1500	197,917	1.87	0.1500	197,917
April 9, 2020 (Series B)	0.1500	363,501	2.03	0.1500	363,501
May 29, 2020 (Series C)	0.1500	-	-	0.1500	-
July 7, 2020 (Series D)	0.1600	-	-	0.1600	-
July 1, 2022 (Revo Squared)	0.2201	10,000,000	9.26	0.2201	10,000,000
July 15, 2022 (Assisi)	0.2520	22,000,000	9.30	0.2520	22,000,000
Balance at March 31, 2023		**32,561,418**			
Balance at June 30, 2023					**32,561,418**

Cumulative warrants exercised and expired as of March 31, 2023 June 30, 2023 were as follow

Warrant Series	Warrants Exercised	Amount	Warrants Expired	
February 14, 2020 (Series A)	21,677,084	$ 4,293	—	$
April 9, 2020 (Series B)	17,969,833	2,695	—	
May 29, 2020 (Series C)	133,213,333	19,982	120,000	
July 7, 2020 (Series D)	187,269,000	29,963	231,000	
July 1, 2022 (Revo Squared)	—	—	—	
July 15, 2022 (Assisi)	—	—	—	
Total	**360,129,250**	**$ 56,933**	**351,000**	**$**

15. Income Taxes

The Company is in an overall net deferred tax liability position as of March 31, 2023 J
Management has assessed that the future taxable income resulting from the deferred tax li
will result in utilization of the Company's US federal and state net operating loss carryforwar
periods. The Company is in a net deferred tax asset position in Canada and a full valua
against the Canada deferred tax assets remains necessary as a result of the historical l
uncertainty of realizing any future tax benefits related to the Canadian deferred tax assets.

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Zomedica Corp.

Notes to the Consolidated Financial Statements

(United States Dollars in Thousands)

16. Commitments and Contingencies

From time to time, the Company may be exposed to claims and legal actions in the nor
business. As of March 31, 2023 June 30, 2023, and continuing as of May 11, 2023 August
Company is not aware of any pending or threatened material litigation claims against the Com

On May 10, 2018, the Company entered a Development, Commercialization and Exclusi
Agreement. As part of the agreement, the Company is required to make the following fu
payments:

- 1st payment: $3,500 in cash payment upon the achievement of future development r
- 2nd payment: $3,500 in equity, determined by dividing the amount due by the vo
  average price of the Company's common stock on the NYSE American exchang
  trading days prior to the achievement of the milestone event.

As of March 31, 2023 June 30, 2023, none of the future development milestones relate
agreement have been met. The Company has assessed the probability of meeting the ab
and has determined that an accrual is not necessary as of March 31, 2023 June 30, 2023
31, 2022.

On January 17, 2023, the Company entered into a series of agreements with Qorvo Biotec
Under the terms of these agreements, the Company has the obligation:

- to purchase a minimum quantity of production and development cartridges f
  beginning on the date the parties entered into the agreements and ending on the
  date Zomedica notifies Qorvo to stop production or December 31, 2024;
- to purchase a minimum quantity of BAW Sensors commencing on the Transi
  continuing as long as Zomedica has a license from Qorvo to manufacture the cartrid
  each party's rights to early termination including Zomedica's right to terminate at an
  days prior written notice; and
- to pay a royalty to Qorvo on the sale of cartridges after the Transition Date

17. Segment Information

The Company's operations are comprised of two reportable segments:

- Diagnostics, which consists of TRUFORMA®, VetGuardian®, and imaging products;
- Therapeutics, which consists of Assisi® and PulseVet® products

The Company's Chief Operating Decision Maker (CODM) is its Chief Executive Officer wh
responsibility for enterprise decisions.

Although our reportable segments provide similar products, each one is managed separately with the Company's customers and distribution / development partners. The CODM determ allocation for, and monitors performance of, the consolidated enterprise, the Diagnostics seg Therapeutics segment together. The CODM relies on internal segment reporting that analy certain key performance indicators, namely, revenues and gross profit. Costs below gross allocated to the segments.

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Zomedica Corp.

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(United States Dollars in Thousands)

The following is a reconciliation of consolidated revenue, cost of revenue, and gross profi reportable segments as of March 31, 2023 June 30, 2023:

	Diagnostics	Therapeutics	Consolidated	Diagnostics	Therapeutics	C
Net revenue	$ 399	$ 5,083	$ 5,482	$ 648	$ 10,854	$
Cost of revenue	338	1,309	1,647	744	2,875	
Gross profit	**$ 61**	**$ 3,774**	**$ 3,835**	**$ (96)**	**$ 7,979**	**$**

18. Loss Per Share

	For the Three Months Ended March 31,		For the Three Months Ended Jun	
	2023	2022	2023	2022
Numerator				
Net loss for the period	**$** (6,385)	$ (3,937)	**$** (5,249)	$ (5,
Charge to retained earnings for preferred share exchange	**-**	-	**-**	
Loss attributable to common shareholders	**(6,385)**	**(3,937)**	**(5,249)**	**(5,**
Denominator				

Weighted average shares - basic	979,949,668	979,899,668	979,949,668	979,899,
Loss per share - basic and diluted	$ (0.007)	$ (0.004)	$ (0.005)	$ (0.

As of March 31, 2023 June 30, 2023, and 2022, the Company had stock option of 89,654,943 89,454,943 and 57,632,724 61,507,724 and warrants of 32,561,418 and 912,418. 792,418. These securities could potentially dilute basic earnings p future but were excluded from the computation of diluted loss per share in the periods pres effect would be anti-dilutive.

19. Related Party Transaction

On March 1, 2022 we entered into a Consulting Agreement with Johnny Powers, a member Pursuant to the Powers Agreement, Dr. Powers provides strategic consulting services to the Powers Company and is entitled to $10 per month as compensation and reimbursement expenses. The Powers Agreement expires expired May 31, 2023.

20. Subsequent Events

On May 5, 2023, Zomedica, Inc., a U.S. subsidiary of Zomedica Corp., provided Structur Products, Inc., a Florida corporation ("SMP"), with written notice of its intention to exercise option to acquire SMP. Concurrently with its delivery of the exercise notice, Zome nonrefundable cash payment to SMP of $250, which will be credited toward the purchase p now intends to promptly commence conducting due diligence with respect to the acquisition.

On May 10, 2023, Zomedica, Inc., a wholly-owned subsidiary of Zomedica Corp., entered into a to the Multi-Tenant Industrial Triple Net Lease with an effective date of March 18, 2022 by an Northfield Business Center LLC and Zomedica, Inc. for property located at 4000 Northfield Wa 30076. The Amendment expands the Leased Premises by 6,000 rentable square feet ("Expans from 12,400 rentable square feet to 18,400 square feet and extends the lease term from th April 30, 2027 to a date ending sixty months after the earlier of (i) the date the Landlor Expansion Premises to Zomedica, Inc. and (ii) December 1, 2023.

None

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Op

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

(All amounts are expressed in thousands unless otherwise indicated)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations is in
the reader understand the results of operations and financial condition of the Company. The
Discussion and Analysis of Financial Condition and Results of Operations should be read in c
our consolidated financial statements and notes thereto for the quarter ended March 31,
2023. This report contains forward-looking statements or forward-looking informatio
"forward-looking statements") made pursuant to the safe harbor provisions of the Priv
Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended, a
of the Securities Exchange Act of 1934, as amended, as well as the safe harbor provision
Canadian securities legislation, that are based on management's beliefs and assumptions ar
and uncertainties. Forward-looking statements provide current expectations of future ev
certain assumptions and include any statement that does not directly relate to any historical c

Forward-looking statements can also be identified by words such as "future", "anticipat
"projects", "estimates", "expects", "intends", "plans", "predicts", "will", "should", "would", "could",
similar terms. Forward-looking statements are not guarantees of future performance and Zo
results may differ significantly from the results discussed in the forward-looking stateme
cautions that these statements are subject to numerous important risks, uncertainties, ass
other factors, some of which are beyond Zomedica's control. These risks could cause Zo
results to differ materially from those expressed or implied by such forward-looking statem
among others, risks related to adverse macroeconomic conditions; changes in consumer c
spending in response to economic volatility; continued uncertainties relating to adverse conse
COVID-19 pandemic; our ability to develop and commercialize our products; our ability to
acquisitions successfully into our business; supply chain disruptions that increase our costs
ability to manufacture our products; our ability to attract and keep senior management an
personnel; our ability to obtain and maintain intellectual property protection; our ability t
listing of our common shares on the NYSE American exchange; the accuracy of our estim
expenses, future revenues, and capital requirements; and the "Risk Factors" described in our
on Form 10-K for the year ended December 31, 2022., Form 10-Q for the quarter ended M
and in this report. The foregoing does not represent an exhaustive list of matters that may
the forward-looking statements contained herein or risk factors that we are faced with that
actual results to differ from those anticipated in our forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are r
cannot guarantee future results, level of activity, performance, or achievements. Moreover,
any other person assumes responsibility for the accuracy and completeness of any of these f
statements. We undertake no duty to update any of these forward-looking statements after t
Form 10-Q to conform our prior statements to actual results or revised expectations, except
applicable law.

Overview

We are a veterinary health company creating and marketing products for companion animals
the unmet needs of clinical veterinarians. Our mission is to enrich the lives of the animals w
people that care for them by providing products and technologies that improve patient car
the economic health of veterinary practices. Our product portfolio includes innovative d
therapeutic medical devices that emphasize patient health and enhancing practice economics

We currently have five six discrete platforms in our product portfolio:

Diagnostic Products

- our TRUFORMA® platform, comprising point-of-care diagnostic products for disease
and cats, providing assays for use at the point-of-care that provide reference lab acc
enabling practitioners to diagnose and treat diseases sooner;

- our TRUVIEW™ platform which consists of the TRUVIEW digital cystoscopy instrum
microscopic images and related pathology services which enable practitioners
Pathologist interpretation of the images;

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- our Revo Squared® imaging platform, comprising diagnostic imaging products and s in animal health, including the SONOVIEW™ ultrasound system; and

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- our VetGuardian® platform, which provides continuous wireless monitoring of pets' provides them remotely to veterinarian practice staff, along with alert messaging s signs rise or fall out of range, to assist in rapidly diagnosing issues;

Therapeutic Products

- our world-leading PulseVet® platform, which provides for non-invasive electro-h wave treatment of a wide variety of conditions in horses and small animals, including tendon and ligament healing, bone healing, chronic pain relief and wound healin healing and reduce the need for surgery and/or medication; and

- our Assisi Loop® platform including a series of products that use targeted Pulsed El Field (tPEMF) therapy to decrease pain and inflammation and accelerate healing or r

As a result of an internal strategic view, we have focused our development and commercializa our TRUFORMA®, Revo Squared®, VetGuardian, PulseVet, and Assisi Loop platforms. W narrowed focus will enable us to capitalize on our core strengths and to accelerate the comm these existing platforms.

For the foreseeable future, we expect to continue to incur losses, which we expect will beg from historical levels as we continue the commercialization of our TRUFORMA® platform additional profits from the expansion of the Revo Squared, VetGuardian, PulseVet, and Assisi our product development activities, and our sales and marketing activities.

Revenue

Our revenue consisted of consumables sold in the U.S associated with our TRUFORMA platfo consumables sold in the U.S and internationally associated with our PulseVet platform; consu the U.S. and internationally associated with our Assisi products, capital associated with our products, and capital associated with our VetGuardian products.

Cost of Revenue

Cost of revenue consisted primarily of the cost of raw materials used in the assembly of Pulse consumables, the cost of TRUFORMA consumables purchased, and the cost of Assisi parts

related sub-components. We expense all inventory obsolescence provisions relate manufacturing changes as cost of revenue.

Operating Expenses

The majority of our operating expenses have been for the selling, general and administr related to general business activities, capital market activities, stock-based compensation commercial team and research and development activities related to our product developme

Research and Development Expense

All costs of research and development are expensed in the period in which they are incurred development costs primarily consist of salaries and related expenses for personnel, consultants, outside service providers, professional services, travel costs and materials used and research and development.

Selling, General, and Administrative Expense

Selling, general, and administrative expense consists primarily of personnel costs, including s benefits and stock-based compensation for employees, consultants and directors. These include costs associated with sales and marketing activities, professional fees, and corporate and overhead costs, including rent and other facilities costs, amortization, and depreciation.

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U.S. Taxes

As of December 31, 2022, we had net operating loss carryforwards for U.S. federal and st purposes of $32,456 and non-capital loss carryforwards for Canada of $46,384, which will be fiscal year 2035. We have evaluated the factors bearing upon the realizability of our defer which are comprised principally of net operating loss carryforwards and non-capital loss carr concluded that, due to the limitations under Section 382 of the Code, our U.S. federal operating loss carryforwards for the periods prior to February 11, 2021 have been limite therefore have derecognized $21,013 of our U.S. deferred tax assets, resulting in a remainin balance of $11,443.

Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal provides for a new U.S. federal 1% excise tax on certain repurchases of stock by public domestic corporations and certain U.S. domestic subsidiaries of publicly traded foreign occurring on or after January 1, 2023.

The excise tax is imposed on the repurchasing corporation itself, not its shareholders from wh repurchased. The amount of the excise tax is generally 1% of the fair market value repurchased at the time of the repurchase. However, for purposes of calculating th repurchasing corporations are permitted to net the fair market value of certain new stock issu the fair market value of stock repurchases during the same taxable year. In addition, cert apply to the excise tax, such as repurchases under $1 million.

Any redemption or other repurchase that occurs after December 31, 2022, in connection w combination, extension vote or otherwise, may be subject to the excise tax. Whether and to

would be subject to the excise tax in connection with a business combination, extension vot
would depend on a number of factors, including (i) the fair market value of the rec
repurchases in connection with the business combination, extension or otherwise; (ii) the
business combination; (iii) the nature and amount of any equity issuances in connection w
combination (or otherwise issued not in connection with a business combination but issued w
taxable year of a business combination); and (iv) the content of regulations and other guidanc
Department of the Treasury.

The IR Act also included a new 15% Corporate Alternative Minimum Tax ("CAMT") that acts
minimum tax of at least 15% of consolidated GAAP pre-tax income for corporations with
income in excess of $1 billion. Any increase in our effective tax rate will depend on a num
including any offsets for general business credits or changes in book income follo
combinations. The CAMT is effective for tax years beginning on or after January 1, 2023. La
also creates several potentially beneficial tax credits to incentivize investments in certain te
industries.

We are in the process of evaluating the potential impacts of the IR Act. While we do not believ
have a material negative impact on our business or our financial performance, the effects of
are unknown at this time. Our analysis is ongoing and incomplete, and it is possible that th
ultimately have a material adverse effect on our tax liability. We continue to monitor the IR A
regulatory developments to evaluate their potential impact on our business, tax rate and finar

Canadian Taxes

In Canada, due to the uncertainty of realizing any tax benefits as of March 31, 2023 June
continue to record a full valuation allowance against our Canadian deferred tax assets.

Translation of Foreign Currencies

The functional currency, as determined by management, for our subsidiaries in the
Switzerland, and Canada is the U.S. dollar, which is also our reporting currency.

The functional currency, as determined by management, for our Japanese subsidiary is the
Japanese Yen are translated for financial reporting purposes with translation gains and losses
component of other comprehensive income or loss.

Stock-Based Compensation

We measure the cost of equity-settled transactions by reference to the fair value of the equ
at the date at which they are granted.

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We calculate stock-based compensation using the fair value method, under which the fa
options at the grant date is calculated using the Black-Scholes Option Pricing Model, and
expensed over the vesting period of the option using the graded vesting method. The pro
stock-based compensation plans do not require us to settle any options by transferring cash o
and therefore we classify the awards as equity. Stock-based compensation expense recogni
period is based on the value of stock-based payment awards that are ultimately expecte
estimate forfeitures at the time of grant and revise these estimates, if necessary, in subseq
actual forfeitures differ from those estimates. The expected term, which represents the peri

options granted are expected to be outstanding, is estimated based on an average of th
options. The risk-free rate assumed in valuing the options is based on the Canadian treasury
effect at the time of grant for the expected term of the option. The expected dividend yield per
date of grant is zero as we are not expected to pay dividends in the foreseeable future.

Loss Per Share

Basic loss per share, or EPS, is computed by dividing the loss attributable to common share
weighted average number of common shares outstanding. Diluted EPS reflects the potenti
could occur from common shares issuable through the exercise or conversion of stock opti
stock awards, warrants and convertible securities. In certain circumstances, the conversi
warrants and convertible securities are excluded from diluted EPS if the effect of such inclu
anti-dilutive.

Comprehensive Loss

We follow FASB ASC topic 220. This statement establishes standards for reporting a
comprehensive (loss) income and its components. Comprehensive loss is net loss plus certain
recorded directly to shareholders' equity.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of financial condition and results of operations is
consolidated financial statements, which have been prepared in accordance with accoun
generally accepted in the United States, or U.S. GAAP. The preparation of our consolid
statements and related disclosures requires us to make estimates and assumptions that affe
amounts of assets and liabilities, revenue, costs and expenses, and related disclosures during
periods. On an ongoing basis, we evaluate our estimates and judgments, including those de
We base our estimates on historical experience and on various other factors that we believe a
under the circumstances, the results of which form the basis for making judgments about the
of assets and liabilities that are not readily apparent from other sources. Actual results m
these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 4 of the notes to ou
financial statements, management has identified the following as "Critical Accounting
Estimates": Intangible Assets and Business Combinations; Impairment Testing; Valuation a
Property and Equipment; and Revenue Recognition and Liabilities Due to Customers. We b
estimates and assumptions involved in these accounting policies may have the greatest pote
our financial statements.

Intangible Assets and Business Combinations

Assets acquired and liabilities assumed as part of a business combination are recog
acquisition date fair values. In determining fair values for recent business combinations, we
forms of the income, cost, and market approaches depending on the asset or liability being va

We use a discounted cash flow model to measure the customer relationship, developed techn
trademark, and tradename assets. The estimation of fair value requires significant judgm
future net cash flows based on assumptions related to revenue and EBITDA growth rates,
and attrition factors. Inputs are generally determined by taking into account competitive
comparisons, independent appraisals, and historical data, among other factors, and were su
current and anticipated market conditions. Variances in future cash flows, anticipated gro
revenue could significantly impact the value assigned to intangible assets. Any varianc
impairment charges upon testing.

Impairment Testing

We evaluate goodwill for impairment annually or more frequently when an event occurs or
change indicating the carrying value may not be recoverable. When testing goodwill for impai
first assess qualitative factors to determine if it is more likely than not the carrying value of a
exceeds its estimated fair value. During a qualitative analysis, we consider the impact of cha
the following factors: macroeconomic, industry and market factors; cost factors; changes in o
performance; and any other relevant events and uncertainties impacting a reporting unit. If
assessment indicates a goodwill impairment is more likely than not, we perform addition
analyses. We may also elect to skip the qualitative testing and proceed directly to the quant
For reporting units where a quantitative analysis is performed, we perform a test measuring
of the reporting units and comparing them to their aggregate carrying values, including goo
value is less than the carrying value of the reporting unit, an impairment is recognized for the
to the carrying amount of goodwill.

We estimate the fair values of our reporting units using a discounted cash flow method
combination of discounted cash flows and a market-based method. The discounted cash
includes assumptions about a wide variety of internal and external factors. Significant assum
the discounted cash flow method include financial projections of free cash flow, including r
medical costs trends, operating productivity, income taxes and capital levels; long-term gr
determining terminal value beyond the discretely forecasted periods; and discount ra
projections and long-term growth rates used for our reporting units will be consistent with,
from, our internal long-term business plan and strategies.

Discount rates will be determined for each reporting unit and include consideration of th
inherent in their forecasts. Our most significant estimate in the discount rate determinatio
adjustments to the peer company weighted average costs of capital reflecting reportin
factors. We do not make any adjustments to decrease a discount rate below the calculated
weighted average cost of capital for any reporting unit. Company-specific adjustments to disc
subjective and thus are difficult to measure with certainty.

The passage of time and the availability of additional information regarding areas of u
respect to the reporting units' operations could cause these assumptions to change
Additionally, as part of our quantitative impairment testing, we perform various sensitivit
certain key assumptions, such as discount rates, cash flow projections, and peer compar
analyze the potential for a material impact. The market-based method requires determ
appropriate peer group whose securities are traded on an active market. The peer group is
market multiples to estimate fair value.

Valuation and Payback of Property and Equipment

Diagnostic based TRUFORMA® capital is placed in fixed assets once purchased or manufactur
remain, undepreciated, until they are placed with our customers under the agreement
repeatedly purchase consumables or services which are utilized within. Each instance of this
represents an asset that we own. An estimate is made of the anticipated future revenue ove
life which is ten years. If the payback period of the initial investment in the asset is less than th
of the asset, we conclude that the assets have been properly recorded, and no write-down is
rely on third-party data that considers various data points and assumptions, including, but no
expected volume of consumables which will be sold, anticipated growth rates, and anticipate
Realization of the anticipated revenue is dependent on the current assumptions and forecaste

The customer is obligated to purchase consumables during the placement period. Howe
customer is not obligated to purchase the capital, and can return it at any time, we are expo

loss to the extent the customer returns the capital and discontinues consumable or r purchases.

On March 31, 2023 June 30, 2023, the carrying value of our Diagnostic instruments was $5,21 assumption $5,715. Significant assumptions included in the realization model is a placement four instruments per quarter, per account manager or inside sales representative, placemen utilization over the life of the instrument.

The effect of a 25% reduction in the estimated revenues associated with annual placements would increase the payback period on March 31, 2023 June 30, 2023 from 4.86 5.18 years to 6

Changes to placement rates are not expected to decrease, nor do we expect that any decr permanent.

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Revenue Recognition and Liabilities Due to Customers

The nature of our Therapeutics business segment gives rise to variable consideration, inclu and applicator ("trode") returns for refurbishment. Credits are issued for unused shocks on re which can be used toward the purchase of replacement trodes. When revenue is simultaneous adjustment for returns is estimated, reducing revenue. Estimated retur presented as a reduction to gross sales with the corresponding reserve presented as cust liabilities.

Variable consideration related to unused shock credits is calculated using the expected value estimates the amount that is expected to be earned. Estimated amounts are included in t price to the extent it is probable that a significant reversal of cumulative revenue recognized Estimates of variable consideration are based upon historical experience and known estimated credits are non-refundable and may only be used towards the purchase o refurbishments. This practice encourages refurbishment purchase prior to complete uti previous trode, enabling the customer to always have a trode on hand with ample capac treatments.

The number of trodes returned by year is tracked against the number of trodes sold in th creating a current experience rate. It is assumed that the ultimate return rate for the trod annual calculations, it is assumed that the expected returns in the current year for each lay the experience rate of the year immediately preceding it. Once the 98% is reached the lay from the calculation. The annual incremental change in expected returns is multiplied by an credit amount, generating the current liability due to customers.

The average return credit is calculated by dividing the actual shock credits issued by the act trodes returned. A variance in the assumed return rate compared to the actual rate wou estimate and potentially understate net sales (overestimated rate) or overstate net sales (u rate) in any given year and create a corresponding misstatement of the liability due to custom

On March 31, 2023 June 30, 2023, the estimated value of our Therapeutics customer contra $505. $546. If the expected return rate was increased by 2%, the effect on current year red and customer liability would have been approximately $36. $54.

Results of Consolidated Operations

Our results of operations for the three and six months ended March 31, 2023 June 30, 2023 a follows:

Revenue

Revenue for the three months ended March 31, 2023 June 30, 2023 was $5,482, $6,020, $3,751 $4,246 for the three months ended March 31, 2022 June 30, 2022, an increase of $1 46% 42%. Revenue for the six months ended June 30, 2023 was $11,502, compared to $7,9 months ended June 30, 2022, an increase of $3,505 or 44%.

The increase for both comparative periods was primarily due to the inclusion of our Assisi®, R and VetGuardian® products which totaled $1,322 and were not part of our consolidated figur 31, 2022 June 30, 2022.

In general, we expect revenue to increase in subsequent periods as we benefit from a full y sales from our recent acquisitions and increase our related sales, marketing, and commercial

Cost of Revenue

Cost of revenue for the three months ended March 31, 2023 June 30, 2023 was $1,647, $1,972 $1,011 $1,240 for the three months ended March 31, 2022 June 30, 2022, an increase of 63% 59%. Cost of revenue for the six months ended June 30, 2023 was $3,619, compared to six months ended June 30, 2022, an increase of $1,369 or 61%.

The increase in cost for both comparative periods was primarily driven by increased manufac as a result of increased sales of our PulseVet® platform and Assisi products which totaled input costs.

We anticipate that costs of revenue will increase in subsequent periods in accordance with revenue as described above.

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Gross Profit

Gross profit margin for the three months ended March 31, 2023 June 30, 2023 was $3,83 compared to $2,740 or 73% 71% for the three months ended March 31, 2022 June 30, 202 margin for the six months ended June 30, 2023 was 69%, an increase of $1,095. compared to months ended June 30, 2022.

The decrease in gross profit margin % for both comparative periods was primaril result integration and launch of several new products, product mix impacts associated our these new offerings.

Table offerings, and price increases of Contents

certain component parts. In general, we believe gross margins will remain relatively
percentage terms due return to a variety of factors, including the ability to effectively stimula
certain of our products; management of the cost of components and outside manufacturin
ability to manage warranty costs effectively; shifts historic levels in the mix of products and
the geographic, currency or channel mix; and fluctuations in exchange rates. coming quarters

Research and Development

Research and development expense for the three months ended March 31, 2023 June
$918, $859, compared to $351 $319 for the three months ended March 31, 2022 June 30, 202
of $567 $540 or 162% 169%. Research and development expense for the six months ended
was $1,777, compared to $670 for the six months ended June 30, 2022, an increase of $1,107

The increase for both comparative periods was primarily driven by our continued build
capabilities to develop, test, and manufacture our next generation of Diagnostic diagnostic pr

We anticipate that R&D costs will increase as we maintain and enhance our current pro
continue to develop new products.

Selling, General, and Administrative

Selling, general, and administrative expense for the three months ended March 31, 2023 Jun
$10,429, $9,931, compared to $6,703 $8,567 for the three months ended March 31, 2022 Jun
increase of $3,726 $1,364 or 56% 16%. Selling, general, and administrative expense for t
ended June 30, 2023 was $20,360, compared to $15,270 for the six months ended June 30, 202
of $5,090 or 33%.

The increase for both comparative periods was primarily driven by salaries and (noncash)
option expense associated with increased hiring campaigns, noncash amortization related
Revo acquisitions, recruiting and other related fees associated with our transition to a new
Officer, Qorvo related transition payments, and increased marketing campaigns/ campaigns
tradeshows to build brand awareness and recognition of our expanding suite of products.

We expect future selling, general and administrative expense to increase in line with product
growth in our commercialization efforts.

Net Loss

Our net Net loss for the three months ended March 31, 2023 June 30, 2023 was $6,385, $5,24
a loss of $3,937 $5,273 for the three months ended March 31, 2022 June 30, 2022, a decre
1%.Net loss for the six months ended June 30, 2023 was $11,634, compared to a loss of $9,
months ended June 30, 2022, an increase of $2,448 $2,424 or 62% 26%.

The net loss in for each period comparative periods was attributed to the matters describ
expect to continue to record net losses in future periods until such time as we have sufficien
product sales to offset our operating expenses.

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Cash Flows

The following table shows a summary of our cash flows for the periods set forth below:

	Three Months Ended March 31,				Six Months Ended J	
	2023	2022	Change		2023	2
Cash used in operating activities	$ (4,257)	$ (2,471)	$ (1,786)	72%	$ (7,933)	$
Cash used in investing activities	(14,792)	(206)	$ (14,586)	7081%		
Cash provided by financing activities	—	—	$ —	0%		
Cash provided by (used in) investing activities					8,529	
(Decrease) increase in cash and cash equivalents	**(19,049)**	**(2,677)**	**$ (16,372)**	**612%**	**596**	
Effect of exchange rate changes on cash	3	62	$ (59)	(95)%	(44)	
Cash and cash equivalents, beginning of period	27,399	194,952	$(167,553)	(86)%	27,399	1
Cash and cash equivalents, end of period	**$ 8,353**	**$ 192,337**	**$(183,984)**	**(96)%**	**$ 27,951**	**$ 1**

Net cash used in operating activities for the three six months ended March 31, 2023 June $4,257, $7,933, compared to $2,471 $6,517 for the three six months ended March 31, 2022 Jun increase in cash used of $1,786 $1,416 or 72% 22%. The increase in cash used in opera resulted from the losses noted above, and non-cash accretion on currently held available-for- that didn't exist in 2022, and lower stock compensation which typically offsets cash impacts cash nature. These were partially offset by increases in non-cash amortizatio compensation. lower inventory due to the reclass of TRUFORMA® device inventory into PP& within.

Net cash used in for investing activities for the three six months ended March 31, 2023 June $14,792, an inflow of $8,529, compared to $206 cash used of $1,643 for the three six month 31, 2022 June 30, 2022, an increase in cash of $14,586 $10,172 or 7,081% 619%. The inc used obtained in investing activities primarily resulted from investment in the maturity of av securities offset by payments for Qorvo licenses and Qorvo license the buildup of constructi related intangibles. to our MyZomedica platform and production of TRUVIEW™ devic preparation.

There was no cash provided by financing activities for the three months ended March 31, 202
or 2022.

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Liquidity and Capital Resources

We have incurred losses and negative cash flows from operations since our inception in M
March 31, 2023 June 30, 2023, we had an accumulated deficit of $142,789. $148,038. We ha
working capital requirements primarily through the sale of our equity and equity-related sec
exercise of stock options and warrants.

As of March 31, 2023 June 30, 2023, the Company had working capital (defined as current
current liabilities) of $121,566. $132,415.

Short-Term Cash Requirements

We believe that our existing cash is sufficient to fund our expected short-term needs. We
cash fixed obligations in association with our building leases and quarterly inventory orders
payment obligations associated with our on-going clinical studies, and we expect that we
cash to cover these requirements. We do not expect that our operations will require significa
our short-term cash needs.

Long-Term Cash Requirements

We believe that our existing cash resources will be sufficient to fund our expected operationa
through at least December 2025. We regularly evaluate our business plans and strategy. The
often result in changes to our business plans and strategy, some of which may be material a
change our cash requirements. Ongoing business development activity may also require us
our liquidity for an acquisition, and use of additional capital to fund newly acquired operatio
additional funds by issuing equity securities, our existing security holders will likely experien
the incurring of indebtedness would result in increased debt service obligations and could
agree to operating and financial covenants that could restrict operations.

Our future capital requirements depend on many factors, including, but not limited to:

- the costs and timing of our development and commercialization activities;
- the cost of manufacturing our existing and future products;

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- the cost of marketing and selling our existing and future products including ma
  service, customer support and distribution costs;
- the expenses needed to attract and retain skilled personnel;

- the costs associated with being a public company;
- the costs associated with additional business development or mergers ar activity, including acquisition-related costs, earn-outs or other contingent paym of developing and commercializing any technologies to which we obtain rights;
- third-party costs associated with the development and commercialization of ou future products and the ability of our development partners to satisfy our requ timely basis;
- the scope and terms of our business plans from time to time, and our ability t our business plans; and
- the costs involved in preparing, filing, prosecuting, maintaining, defending possible patent claims, including litigation costs and the outcome of any such litig

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Outstanding Share Data

The only class of outstanding voting equity securities of the Company are the common shares 2023:

- there are 979,949,668 common shares issued and outstanding;
- there are stock options outstanding under our Stock Option Plan to acquire ar 89,654,943 common shares
- there are common share purchase warrants outstanding to acquire an aggreg common shares at an exercise price of $0.1500 per share issued in February 20
- there are common share purchase warrants outstanding to acquire an aggreg common shares at an exercise price of $0.1500 per share issued in April 2020.
- there are common share purchase warrants outstanding to acquire an 10,000,000 common shares at an exercise price of $0.2201 per share issued in J
- there are common share purchase warrants outstanding to acquire an 22,000,000 common shares at an exercise price of $0.2520 per share issued in J

All currently outstanding warrants have a "cashless exercise" feature which is applica circumstances. The cashless exercise feature could result in the potential issuance of co based upon the "in-the-money" value of the applicable warrants at the time of exercise. The common shares that may be issued is not determinable. However, the number of common s issuable is based upon a formula that divides the "in-the-money" value by the then current ma multiplying this result by the number of common shares that are issuable under the appli pursuant to cash exercise.

Climate Change

There Zomedica is general consensus in committed to responsible practices regarding community that greenhouse gas emissions are linked to climate change, and that these emis reduced dramatically to avert its worst effects. As a result, increased use of natural resour public awareness and concern about climate change will likely continue to (1) generate and/or national requirements to reduce greenhouse gas emissions; (2) increase energy reduce carbon pollution; and (3) cause a shift to cleaner and more sustainable sources of ene be more expensive than using fossil fuels as an energy source.

The potential impact of climate change on our operations and the needs of our custo uncertain. Scientists have proposed that the impacts of climate change could include char patterns, water shortages, changes to the water levels of lakes and other bodies of water, c patterns, more intense storms and changing temperature levels. These changes could be se by geographic location. Climate change may also affect the occurrence of certain natur incidence and severity of which are inherently unpredictable.

The effects of climate change also may impact our decisions to construct new buildings or ma facilities in any areas that are or become prone to physical risks, which could similarly operating costs. We could also face indirect financial risks passed through the supply chain th in higher prices for resources, such as energy. Additionally, climate change may adverse demand, price and availability of property and casualty insurance that insures our physical significant economic variability associated with future changing climate conditions, we are un the impact climate change will have on us in the future.

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Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Evaluation of Our Disclosure Controls

We maintain disclosure controls and procedures that are designed to provide reasonable a material information required to be disclosed in our periodic reports filed under the Ex recorded, processed, summarized, and reported within the time periods specified in the S forms and to provide reasonable assurance that such information is accumulated and commu management, our chief executive officer and chief financial officer, to allow timely decisi required disclosure. We carried out an evaluation, under the supervision and with the parti management, including our principal executive and principal financial officer, of the effect design and operation of our disclosure controls and procedures, as defined in Rule 13(a)-1 Exchange Act. Based on this evaluation, our principal executive officer and principal fi concluded that, as of March 31, 2023 June 30, 2023, our disclosure controls and procedures w

Changes in Internal Controls

There has been no change in our internal control over financial reporting (as defined in Rules 15(d)-15(f) under the Exchange Act) during the period covered by this Quarterly Report that affected, or is reasonably likely to materially affect, the Company's internal control over financ

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those previously disclosed report on Form 10-K for the year ended December 31, 2022.

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Item 6. Exhibits.

The exhibits listed on the accompanying index to exhibits immediately preceding the exhib
part of, or hereby incorporated by reference into, this Quarterly Report.

EXHIBIT INDEX

Exhibit No.	Description
2.2	Asset Purchase Agreement, dated June 14, 2022, by and between Zomedica Inc. and Re the Principal Member (incorporated by reference to Exhibit 2.1 to the Company's Cu Form 8-K filed with the Commission on June 21, 2022 (File No. 001-38298))
2.3	Asset Purchase Agreement, dated July 15, 2022, by and between Zomedica Inc. an Health LLC, the Principal Member (incorporated by reference to Exhibit 2.1 to the Cor Report on Form 8-K filed with the Commission on July 20, 2022 (File No. 001-38298))
3.1	Articles of Amalgamation of Zomedica Corp. and all amendments thereto, as well a issued in respect thereto as well as all Certificates issued in respect thereto (incorporat to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Commis 2021 (File No. 001-38298))
3.2	Amended and Restated By-Law No. 1 (2nd Version) of Zomedica Pharmaceuticals Cor by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with t on August 7, 2020 (File No. 001-38298))
10.0	Distribution Agreement, dated January 13, 2023, First Amendment to Multi-Tenant Indu Lease entered into as of May 10, 2023 by and between Zomedica Inc, ULF Northfield LL and Structured Monitoring Products, Zomedica Inc. (incorporated by reference to Ex Company's Current Report on Form 8-K filed with the Commission on January 20, 20 (File No. 001-38298)
10.1	Transition and Support Agreement by and among Qorvo Biotechnologies, LLC, Zom Zomedica Corp. (incorporated by reference to Exhibit 10.1 to the Company's Current 8-K filed with the Commission on January 24, 2023 (File No. 001-38298)
10.2	BAW Sensor Supply Agreement by and among Qorvo Biotechnologies, LLC, Zom Zomedica Corp. (incorporated by reference to Exhibit 10.2 to the Company's Current 8-K filed with the Commission on January 24, 2023 (File No. 001-38298)
10.3	Development and Manufacturing Licenses Agreement by and among Qorvo Biotec Zomedica Inc., and Zomedica Corp. (incorporated by reference to Exhibit 10.3 to Current Report on Form 8-K filed with the Commission on January 24, 2023 (File No. 00
10.4	Separation Agreement, dated March 16, 2023, among Zomedica Inc., Zomedica Corp., (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8 Commission on March 15, 2023 (File No. 001-38298)
10.5+	Offer letter, dated March 14, 2023, among Zomedica Inc., Zomedica Corp., and (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8 Commission on March 15, 2023 (File No. 001-38298))
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley A
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley A

32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Sec Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Inte because its XBRL (1).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (1).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (1).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101

* This certification is not deemed "filed" for purposes of Section 18 of the Securities Exchan or otherwise subject to the liability of that section. Such certification will not be incorporated by reference into any filing under the Securities Act of 1933 or the Securitie of 1934, except to the extent that the registrant specifically incorporates it by reference.

\+ Indicates management contract or compensatory plan.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly auth

11, 2023 August 10, 2023.

Zomedica Corp.

By: /s/ Larry Heaton

Name: Larry Heaton

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Peter Donato

Name: Peter Donato

Title: Executive Vice President and
Officer
(Principal Financial and Accountin

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE S
ACT OF 2002

I, Larry Heaton, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended Marc 2023 of Zomedica Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a mate state a material fact necessary to make the statements made, in light of the circumst such statements were made, not misleading with respect to the period covered by this re

3. Based on my knowledge, the financial statements, and other financial information inclu fairly present in all material respects the financial condition, results of operations and registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and mai controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) a over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for have:

   (a) Designed such disclosure controls and procedures, or caused such disclos procedures to be designed under our supervision, to ensure that material informa registrant, including its consolidated subsidiaries, is made known to us by o entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal co reporting to be designed under our supervision, to provide reasonable assura reliability of financial reporting and the preparation of financial statements for ex accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedure this report our conclusions about the effectiveness of the disclosure controls an the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over finan occurred during the registrant's most recent fiscal quarter (the registrant's fourth case of an annual report) that has materially affected, or is reasonably likely to m registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most re internal control over financial reporting, to the registrant's auditors and the audit registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of in financial reporting which are reasonably likely to adversely affect the registrant process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other empl significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023 August 10, 2023

/s/ Larry Heaton
Larry Heaton
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE S
ACT OF 2002

I, Peter Donato, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended Marc 2023 of Zomedica Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a mate state a material fact necessary to make the statements made, in light of the circumst such statements were made, not misleading with respect to the period covered by this re

3. Based on my knowledge, the financial statements, and other financial information inclu fairly present in all material respects the financial condition, results of operations and registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and mai controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) a over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for have:

   (a) Designed such disclosure controls and procedures, or caused such disclos procedures to be designed under our supervision, to ensure that material informa registrant, including its consolidated subsidiaries, is made known to us by o entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal co reporting to be designed under our supervision, to provide reasonable assura reliability of financial reporting and the preparation of financial statements for ex accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedure this report our conclusions about the effectiveness of the disclosure controls an the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over finar occurred during the registrant's most recent fiscal quarter (the registrant's fourth f case of an annual report) that has materially affected, or is reasonably likely to m registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most re internal control over financial reporting, to the registrant's auditors and the audit registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of in financial reporting which are reasonably likely to adversely affect the registrant process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other empl significant role in the registrant's internal control over financial reporting.

Date: May 11, 2023 August 10, 2023

/s/ Peter Donato
Peter Donato
Executive Vice President and Chief Fi
(Principal Financial and Accounting O

CERTIFICATION OF
THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTI
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Zomedica Corp. (the "Company") fo ended March 31, 2023June 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), the undersigned Larry Heaton, Chief Executive Officer of the Company, Executive President and Chief Financial Officer of the Company, hereby certify, to the undersigned, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securit 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the fina results of operations of the Company.

Date: May 11, 2023August 10, 2023

/s/ Larry Heaton
Larry Heaton
Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2023August 10, 2023

/s/ Peter Donato
Peter Donato
Executive President and Chief Financ
(Principal Financial and Accounting O

This Certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" b purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not reference into any filing of the Company under the Securities Act of 1933, as amended Exchange Act of 1934, as amended, whether made before or after the date of this Report, general incorporation language contained in such filing.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley A provided to the Company and will be retained by the Company and furnished to the Secu Commission or its staff upon request.

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