

Nov 11, 2024

Healthcare

**ZOM**

NYSE

Rating

**Outperform**

Initiation

Current Price

**\$0.12**

Target Price

**\$0.25**

Market Capitalization

**119.75M**

Shares Outstanding

**1.01B**

Float

**961.51M**

Institutional Holdings

**8.33%**

12-Month Low/High

**\$0.12/\$0.23**

Average 90-Day Volume

**3680000**

Fiscal Year End

**12/31/2024**

## Zomedica Corp.

### Improving Pet Health and Veterinary Practices - Initiating Coverage With An Outperform Rating

**Initiating Coverage of Zomedica Corp. With An Outperform Rating.** We are initiating coverage of Zomedica, a company that makes and sells veterinary therapeutic devices and diagnostics. These products are used to diagnose and treat animals ranging from horses to cats, dogs, and other pets. Veterinarians use these products to improve the outcome and quality of care for the pet as well as to streamline workflow and profitability of their practice.


**Zomedica Has Made Several Acquisitions To Build Its Product Lines** Zomedica has grown by acquiring complementary businesses that broaden its product line and leverage its existing infrastructure. It has five product lines in therapeutic devices and diagnostics, two fast-growing segments of the animal health market. These products are marketed by its own sales force and commercial partnerships. We expect near-term growth to come from the introduction of new internally-developed applications that increase uses and grow sales of existing products.

**Zomedica Has A Suite Of Complimentary Products.** Therapeutic products are Zomedica's largest division. PulseVet is shock wave therapy system used to accelerate healing in musculoskeletal conditions while the Assisi Loop products are "home use" devices that allow the pet to continue shock wave healing therapy. The diagnostic platform includes the TRUFORMA assays, the TRUVIEW digital cytology system, and the VetGuardian no-touch monitoring system.


**Financial Results Show Continued Growth In An Expanding Market.** The 3Q24 financial report showed results that continue to meet our growth expectations both sequentially and in year-over-year comparisons. Prior investments in manufacturing plant capacity have increased gross margins to the 68% to 70% range, at the high end of the industry.

**Conclusion.** We value ZOM based on our estimate of its FY2027 revenues. We forecast Total Revenues of \$58.6 million based on the current products. Assigning a multiple of 5X revenues gives a market valuation of about \$293 million. Based on the technology, market risk, and historical growth rates of the products, we discount these sales at 10% to derive a target market valuation of about \$242 million or \$0.25 per share.

### Equity Research

Robert LeBoyer, Senior Vice President, Equity Research Analyst, Biotechnology  
(212) 896-4625, rleboyer@noblecapitalmarkets.com,  Connect on LinkedIn

### Noble Capital Markets, Inc.

Trading: (561) 998-5489 Sales: (561) 998-5491  
noblecapitalmarkets.com | Follow Noble on LinkedIn 

**Refer to the last two pages for Analyst Certification & Disclosures**

#### Revenues (\$ MIL)

Period	2023A	2024E	2025E
Q1	5.48	6.26A	7.8E
Q2	6.02	6.13A	8.5E
Q3	6.35	7.0A	8.9E
Q4	7.34	8.1E	10.0E
	25.19	27.5E	35.2E

#### EPS (\$)

Period	2023A	2024E	2025E
Q1	(0.007)	(0.009)A	(0.008)E
Q2	(0.005)	(0.024)A	(0.008)E
Q3	(0.001)	(0.007)A	(0.008)E
Q4	(0.026)	(0.007)E	(0.008)E
	(0.035)	(0.048)E	(0.030)E

**Investment Thesis:** Zomedica is an animal health company focused on the veterinary therapeutics and diagnostic services markets. Its products are mostly sold to veterinary practices for critical health needs rather than the retail consumer market. The veterinary services market has been growing as pet ownership increases, with spending currently estimated at \$62 billion per year.

Zomedica Corp. was founded in 2013 and has grown by acquiring products and distribution channels. It has made five acquisitions that have broadened its lines of diagnostics and therapeutics products, improved its manufacturing operations, and increased revenues. Sales growth has provided leverage that has increased gross margins to the 65% to 70% range.

Zomedica's products improve both the outcome and quality of care for the pet as well as the profitability of the veterinary practice by helping to improve operations, workflow, and cash flow. These products are used by veterinary practices to diagnose and treat animals ranging from horses to cats, dogs, and other household pets.

Product sales and marketing are driven by research and clinical data showing improved outcomes for pet patients. This is a similar approach that is used by human health companies, where product claims are based on clinical data. The animal health medical devices and diagnostics sold by the Company do not have similar U.S. FDA approval or clearance requirements, and these types of products do not typically have extensive clinical trials.

**Veterinary Services Are A Growing Market.** An estimated 23 million cats and dogs were adopted during the 2020 COVID-19 pandemic. The highest percentage of new pet owners are young adults with an estimated 50% of the Generation Z households owning one or more dogs under the age of 2 years.

These new owners see their pets as companions rather than the working breeds of previous generations. They refer to themselves as “pet parents” rather than pet owners and see their pets as members of their families. These new owners are accustomed to extensive diagnostics and medical technology from their own health care and are not cost-sensitive.

Zomedica's consumable products serve diagnostic and therapeutic device market segments estimated at \$2.5 billion per year and a capital equipment market with an addressable market of about \$1.5 billion. Our projected 2024 sales of \$27.5 million are 8.4% higher than FY2023 sales of \$25.2 million, are a small part of an expanding market. Its gross margins in the 65% to 70% range are at the high end of industry averages.

**Zomedica Offers A Suite Of Complimentary Products.** The Company's largest product line is the PulseVet® system that uses electrohydraulic shock wave technology to stimulate healing in horses, other large animals, and small animals (dogs and cats). This is used by the veterinarian at the point of care, either in a horse's stall or the veterinary clinic. It has also introduced the Assisi Loop® line of products, a “take home” version that uses targeted pulsed electromagnetic field (tPEMF) technology to relieve pain and continue healing after treatment. The TRUFORMA® system is used for diagnostic measurements in the clinic, making it unnecessary to send samples to an outside laboratory for important tests. The TRUVIEW™ microscope system allows rapid preparation and evaluation of blood and tissue samples, speeding the throughput, improving image quality, and providing fast diagnosis. The VETGuardian® pet monitoring device is a body surveillance system that allows monitoring of a pet's vital signs during healing in high-risk periods of illness or after surgery.

**Exhibit 1: Zomedica Product Line Includes Diagnostic Instruments, Reagents, and Devices.** Zomedica products are used for critical animal health needs and sold to veterinary practices for therapeutic or diagnostic uses.



Source: Zomedica Corp.

**Compact Market Allows For Direct Marketing.** There are an estimated 2,500-5,000 veterinary practices in the U.S. that treat horses (or primarily horses and large animals), and another 30,000 that treat small animals (primarily cats, dogs, and household animals), as well as an additional 17,000 internationally. This concentration of practices allows Zomedica to maintain its own sales force to cover the US, with a subsidiary in Japan and partnerships in Europe and other territories. In 2Q24, it received the CE mark for the TRUFORMA, TRUVIEW and VETGuardian product lines, opening new opportunities in Europe.

### ***Company Background and History***

Zomedica was founded in 2013 by a group of experienced health care executives and investors who saw an opportunity to build an animal health company. The market has been growing steadily in the past several years, and the priorities of pet owners have been changing with it. These factors have created a need for innovative therapies and diagnostic testing.

Since its founding, Zomedica has made five acquisitions that added new product lines and increased its revenue. Manufacturing capacity has been expanded and the Company continues to invest in research and development to introduce new products and grow revenues. Company headquarters are in Michigan, with manufacturing and distribution in Georgia and Minnesota.

Zomedica's products are sold primarily to veterinary practices rather than to pet owners, while its Assisi Loop products are sold to both. Its strategy has been to acquire pet health devices, therapeutic products, and diagnostics that meet criteria it refers to as the "Five Pillars" that benefit both the pet owners and the veterinarians:

#### **They must:**

- **Improve the quality of care.** Improving the outcome for the pet is the essential reason for the veterinarian to use the products and for the pet owner to pay for them.
- **Improve the satisfaction of the pet owner.** The pet owner leaves the practice satisfied with the outcome and stays with the practice.
- **Improve the practice workflow.** The products improve employee productivity and help build the practice.
- **Improve the practice cash flow.** The Company has made financing available for its instruments with terms that allow the practice to immediately profit from using the products. Capital outlay is minimal or nothing, making it easy to place in the practices. The Company then sells the reagents and supplies that are used in the treatments.
- **Improve profitability of the practice.** The products have significant margins for the practice that encourages their use.

We see these criteria as five strong requirements that are valuable for the pet's health, the practice efficiency and profitability, and the pet owner's satisfaction. This aligns the interests of all three parties to create outcomes that each value.

**Product Acquisitions.** Zomedica signed a development and distribution agreement with Qorvo Biotechnologies LLC in November 2018, and subsequently launched the first three assays on the system in March 2021.

Zomedica's first acquisition was Branford PVT Acquiror in October 2021. Branford PVT was a holding company with three subsidiaries that owned Pulse Veterinary Technologies, the PulseVet® devices and related intellectual properties.

The acquisition of the assets of Assisi Animal Health followed in mid-2022, and Zomedica assumed responsibility for marketing the Assisi line of products at that time.

In June 2022, the Revo Squared acquisition brought digital microscope technology and patent rights to the Company. The technology was refined and rebranded as the TRUVIEW™ microscope, featuring a cutting-edge liquid lens platform to provide the best-in-class microscopic images. This has been developed into an automated cytology system with automated slide preparation for hematology, as well as image storage, and on-demand consultation with board-certified Veterinary Pathologists. The Company is planning to add artificial intelligence (AI) software to provide an automated interpretation in 2H24.

In January 2023, Zomedica entered into a distribution agreement with Structured Monitoring Products (SMP) for the VETGuardian® pet monitoring device. Full acquisition of SMP followed in September 2023, adding all rights for the VETGuardian product and patented technologies.

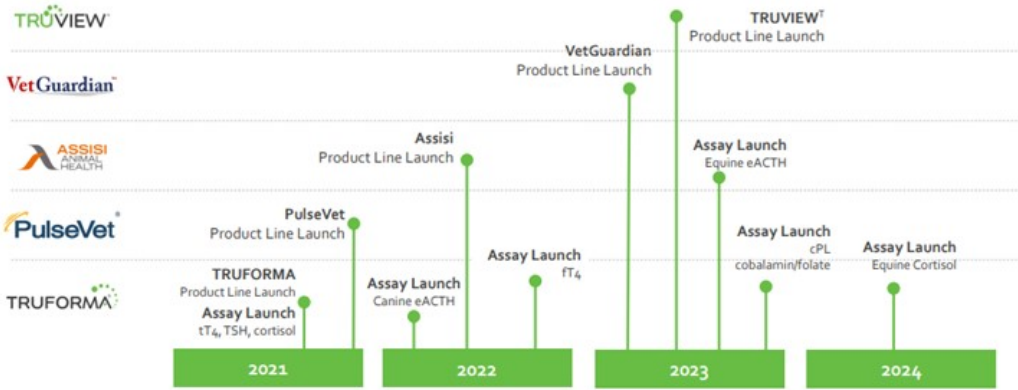
In October 2023, the Company acquired Qorvo Biotechnologies, the developer and manufacturer of the TRUFORMA® diagnostic system and assay cartridges. With the exception of the BAW (Bulk Acoustic Wave) sensor technology retained by Qorvo, Inc. and used in the manufacture of TRUFORMA cartridges, the Qorvo acquisition gave Zomedica full control of the technology, patents, and manufacturing in both the animal health and human health markets. The acquisition also included the Research and Development staff that develops and introduces additional assays for use with the TRUFORMA device. Areas of development include reproductive, cardiac, and endocrine applications. During 2024, two new assays were launched for small animals and horses. Five additional assays have been introduced or are pending introduction in 2H24.

**Product Line Extensions.** Zomedica has been investing in Research and Development to bring new applications and diagnostic assays to market. Zomedica is developing additional tests for the TRUFORMA instrument to make the platform more valuable to veterinary practices, which we believe can increase the sales of both the instruments and the assay cartridges used by each practice. In the Therapeutic Device category, Research and Development is also identifying new uses for the PulseVet® and Assisi® platforms' wave technology for healing and pain relief, while improving current versions and developing new variations.

Zomedica recently completed renovation of its 30,000 square foot plant in Plymouth, Minnesota for manufacturing, distribution and research. The renovations expanded the manufacturing cleanroom and added an automated robotic manufacturing line to improve speed and efficiency, as well as reducing manual labor for TRUFORMA cartridges. Distribution facilities have been improved to accommodate greater order volumes. Testing and validation of the automated line have been completed, and the facility is now on-line. The Roswell, Georgia facility was expanded to 18,600 square feet from 12,600 square feet, resulting in its manufacturing capacity now able to support five-fold the Company's 2023 revenue.

**Exhibit 2. Zomedica Has Grown Through Acquisition and Increasing Sales.** Company acquisitions have included products, sales and distribution channels, manufacturing plants, and research and development.

**R&D: Core Technology Capabilities Set the Stage for Continued Innovation**



Source: Zomedica Corp.

**Zomedica Products**

**The PulseVet® Shock Wave Device Is An Established Musculoskeletal Therapy In The Equine Market.** Electrohydraulic shock wave therapy is a method of delivering sound waves to activate growth factors and regenerative pathways at the cellular level. This increases cytokine production, angiogenesis, neural growth, and circulation to promote healing. Shock wave technology has been used for over 25 years in horses and is a standard of care for equine sports and rehabilitation.

PulseVet products are in use in about half the dedicated equine practices in the US, with over 40 equine indications including promoting bone healing, alleviating pain, and healing wounds. Its most common use is in musculoskeletal applications, including non-union fractures, tendonitis, torn ligaments, osteoarthritis, degenerative joint diseases (neck and back pain), and lick granuloma. PulseVet devices were used by the US Equestrian Team in preparation for the 2024 Paris Olympic Games.

The PulseVet system uses the ProPulse generator unit with a handheld Trode device to deliver sound waves for treating a broad range of musculoskeletal tissues. Its proprietary technology utilizes a submerged high voltage discharge across an electronic gap (like a spark plug) to generate an explosive plasma bubble, which then generates an electrohydraulic shock wave. A focusing reflector is used to direct the high pressure energy wave into the treatment animal to induce therapeutic healing effects.

**Exhibit 3.** The PulseVet system produces shock waves with its ProPulse generator unit. The Veterinarian uses a handheld therapy delivery device called a Trode to direct the waves to the treatment area.



**PulseVet**  
SHOCK WAVE

Small. Fast.  
Powerful.  
Easy to Use.

### The Global Leader in Shock Wave Technology

Clinically proven to enhance the quality & speed of healing in various musculoskeletal indications, from ligament and tendon injuries to osteoarthritis, lick granulomas, LS disease, and non-union fractures

Treatment takes less than 5 minutes | Only 1-3 treatments needed for optimal results

Razor/Blade Model Drives  
Strong Recurring Revenue and  
High Margins

### Economics

- ~\$30,000+ per installed system
- ~\$2,100 per Trode; 2-4 annual re-orders
- ~60% recurring revenue from Trodes

Source: Zomedica Corp.

**PulseVet Continues To Expand Into The Small Animal Market.** PulseVet's X-Trode™ enabled use of the PulseVet device for small animal (dogs and cats) therapy without the need for sedation. It was launched in August 2021, opening the small animal market to shock wave therapy.

**New Indications Should Continue PulseVet's Sales Growth.** PulseVet products are currently Zomedica's biggest product line. Its sales are reported as part of their 'Therapeutic Devices' segment, with instruments reported as capital equipment and Trodes reported as consumables. Since the October 2021 acquisition, sales have grown from \$4 million in the fourth quarter of 2021, to \$19 million in FY2023. The YTD2024 revenues have been \$17.7 million with our estimate at \$25.1 million. The number of installed systems has increased from about 1,200 to over 2,000 worldwide while the customer base has evolved from equine practices to a mix of equine and small animal practices.

The increased number of PulseVet instruments in use by veterinarians has driven growth and continued sales of the supplies. The company has been focused on increasing its penetration into the small animal market, as it is much larger than the equine market.

**New Indications Are Driven By Clinical Studies.** The use of shockwave therapy is supported by over 42 scientific publications and numerous white paper publications documenting efficacy and safety. These studies show efficacy in applications for large and small animals and show benefits of the products.

Zomedica is conducting clinical studies to provide additional data to support its product efficacy claims and new uses. Most veterinary medical device therapies do not require clinical trials for FDA approval or insurance company reimbursement like human products. Zomedica has made commitments to sponsor randomized controlled trials and clinical publications to reinforce confidence in its products and corroborate results that would be seen by the customer.

One of the new equine indications in development is for respiratory conditions and related indications. Equine asthma affects 15% of horses over 7 years of age. As with humans, equine asthma is characterized by inflammation and constriction in the airways and breathing passages that is treated with bronchodilators and other drugs. Veterinarians using the PulseVet device reported additional benefits and improvements in equine respiratory conditions, leading Zomedica to conduct clinical studies to determine its impact.

Additional equine applications are also in development for marketing later this year. Several studies are in progress to document the effectiveness of the shockwave therapy:

- **Respiratory Indications In Horses.** In May 2024, Zomedica released a White Paper, *The Use of Shock Wave Therapy in the Treatment of Exercise Induced Pulmonary Hemorrhage*, that discussed three studies showing how shock wave therapy affects gene expression of factors involved in immune pathways. The White Paper provides evidence to support the effectiveness of the PulseVet device for treating Exercise Induced Pulmonary Hemorrhage (EIPH) in quarter horses. These horses with EIPH, commonly known as "bleeders," have lung bleeding during intense exercise. These studies were conducted after veterinarians reported that horses' lung condition improved after treatment with a PulseVet device. This unexpected finding led to the initial study to examine the effect of shock wave therapy on EIPH in horses and has been followed by other studies focused on treating asthma in horses.
- **Osteoarthritis In Small Animals.** A study at Colorado State University (CSU) is designed to measure efficacy in delaying the onset and progression of osteoarthritis in small animals using the PulseVet X-Trode. Animals are randomly divided into two groups, with and without shock wave treatment, and are being monitored for pain, functionality, and disease progression for 12 months. The study began in 3Q22 and completed data collection. The results are now under analysis by CSU.
- **Munich Study In Dogs.** A veterinarian in Munich, Germany is conducting a randomized double blinded crossover study of 24 dogs that had previous Tibial Plateau Leveling Osteotomy (TPLO) surgery and are currently presenting with osteoarthritis. The animals are treated with shock wave therapy and monitored for pain and functionality for 12 months. The study began in 1Q22 and completed data collection in 1H24.

**Studies In Equine Asthma Could Open New Indications For Treatment.** While PulseVet devices are widely used for treating orthopedic conditions, the White Paper on respiratory indications in horses highlights PulseVet devices as a non-invasive, drug-free treatment option for horses suffering from equine asthma. The Paper highlights three published studies that show how PulseVet therapy affects factors that regulate immune pathways involved in equine asthma syndrome. It also discusses potential mechanisms of action, including effects on cytokines and inflammatory mediators. The PulseVet device's potential for treating lung conditions and asthma opens a new field of potential benefits and could significantly expand the number of horses that can benefit from PulseVet therapy.

The studies also compare PulseVet electro-hydraulic shock wave therapy with the widely used controversial medication, furosemide. Furosemide (also known as Lasix, a short-acting diuretic used to reduce edema) is commonly utilized to as a therapeutic for EIPH to reduce lung bleeding. Furosemide showed similar efficacy in two referenced studies, with 64% and 67.5% of treated horses improving by one grade. In contrast, a single treatment with a PulseVet device led to improvements of at least one grade in 76% of EIPH horses on bronchoalveolar lavage (BAL) red blood cell (RBC). Improvement of two grades was seen in 46% of the horses. Furosemide is also banned on race days in the US and many other countries due to health concerns and its potential use as a performance enhancer.

### Financing Makes Zomedica Products Easy For Veterinarians To Purchase

Zomedica has partnered with a third-party company to provide financing for the PulseVet system purchases by veterinary practices. The purchase includes the sales of the PulseVet instrument at approximately \$30,000 plus \$2,100 - \$8,400 in consumables, depending on whether it is intended for small animal or equine use. This requires no money down, then no payments for six months, followed by payments of \$100 per month for the next 6 months. Afterwards, the remaining balance begins to amortize over the five remaining years.

This program is designed for a customer to achieve the economic benefit of adopting PulseVet before the full payment starts. A veterinarian doing just two treatments per week can fully pay for the investment in the system and become profitable in the first year. The expected useful life of the instrument is expected to be longer than 10 years.

The treatment takes less than 5 minutes, with only 1 to 3 treatments required. If the practice treats 5 pets per month with an average of 2 treatments per pet, these 10 treatments at \$300 each would generate \$3,000 per month, or \$36,000 per year, in revenues for the practice in the first year. Its cash outlay in the first year is just \$600 for the system, producing \$35,400 in cash flow, exceeding the total cost of the equipment. During years two through five, if the practice only maintained this level of use, the treatments would generate \$36,000 in revenues less the cost of two trodes at \$2,000 each and financing payments of \$7,850. This would leave an annual profit of \$24,150 for the next four years.

For Zomedica, the initial PulseVet sale generates \$32,000 for small animal systems or \$38,000 for equine systems in the first year, followed by \$4,000 to \$8,000 in expected annual Trode sales. The Trodes are made to deliver about 50,000 individual pulses, lasting about 50 to 60 procedures. After reaching the end of its useful life, the Trode is returned to Zomedica to be refurbished and resold.

### ***Assisi Loop® Products Help Pet Parents Continue The Healing After Discharge***

The Assisi Loop products deliver targeted Pulsed Electromagnetic Field (tPEMF) therapy in the home. These products can be used as a complementary treatment to PulseVet by allowing the pet owner to continue the healing after the pet is discharged and be involved in the pet's recovery from surgery or injuries. Assisi Loop products are available in different sizes, and are the dominant magnetic field therapeutic technology in the animal health field.

The Assisi Loop products upregulate nitric oxide at the cellular level to promote healing while reducing pain and inflammation. The battery is designed to last for about 150 treatments. When the battery runs out, the Assisi Loop device is replaced with a new device to continue therapy.

Assisi Loop tPEMF therapy is effective for a wide range of conditions, including post-surgical recovery, osteoarthritis, inflammation, wound care, spinal and nerve disorders, dental pain, and bone, joint, and soft tissue injuries.

- Assisi Loop and Assisi Loop Lounge products are sold for pain and inflammation from osteoarthritis and wound healing. The Assisi Loop lasts about 150 treatments after which it is replaced. The Assisi Loop Lounge embeds the Assisi technology in a comfortable dog bed and is good for up to 6,000 treatments for pets needing long term care.
- DentaLoop® device is a smaller version loop for gum disease and pain from extractions.
- Calmer Canine® system for separation anxiety is for pet parents who return to work. Its tPEMF waves are tuned to influence the amygdala, the emotional center of the brain, to reduce canine anxiety.

Most common uses are for healing after surgery or relieving pain of an older pet's osteoarthritis. The loops come in large, small, and extra-small for different species and applications. They can be built into lounges and beds to allow pets with arthritis to get relief when they lie down.

**The Assisi tPEMF™ Mechanism of Action.** The Assisi devices use a proprietary Targeted Pulse Electromagnetic Field (tPEMF) technology to produce sound waves that deliver a microcurrent to damaged tissue. This current is one one-thousandth the strength of a cell phone signal and upregulates the body's production of endothelial Nitrous Oxide in the tissues. These actions increase blood flow, cytokine production, and the release of growth factors that downregulate inflammation, pain, and edema and promote tissue repair.

**Sales and Business Model.** The Assisi Loop line of products, including the Loop Lounge and Calmer Canine products, was acquired with the July 2022 acquisition of the assets of Assisi Animal Health. The acquisition included an e-commerce platform, online retail channels, US wholesaler channels, international distribution channels, and a customer base. Revenues have been growing at a slow but steady year-over-year rate.



The Assisi Loop products are sold to Veterinarians for \$200 each then retailed to the customer for \$300. It is sold to veterinarians through veterinary products distributors (MWI Animal Health, a division of Cencora), Covetrus, Patterson Veterinary, as well as direct to pet owners through retail channels such as Amazon and Chewy. The direct-to-consumer channels are priced to make the products available but not undercut veterinary practices. During 2024, online marketing through Amazon.com has added 10 new countries around the world.

The Assisi Loop product line is designated as a Preferred Product by Fear Free, an organization that seeks to help veterinary practices reduce fear, anxiety, and stress in pets. Most significantly, in our opinion, is that Fear Free has validated Assisi's targeted pulsed electromagnetic field (tPEMF) technology, designed to reduce inflammation and pain, accelerate healing, and alleviate canine separation anxiety.

### **ZOM-DX™: TRUFORMA®, TRUVIEW™, and VETGuardian® Products**

**TRUFORMA Turns The Practice Into An Internal Diagnostic Lab.** The TRUFORMA system allows a veterinarian's office to receive reference-lab-quality results that currently require sending samples to an outside laboratory. The system uses a proprietary non-optical technology to give fast, repeatable testing that allows diagnoses to be made on-site at the practice in as little as 20 minutes. The office becomes its own lab that recaptures the profit from the outside diagnostic analysis labs. No other competing instruments have the full portfolio of assays that the TRUFORMA platform offers.

The TRUFORMA platform is currently used for diagnosis of complex thyroid and adrenal conditions, canine non-infectious gastrointestinal disease, and equine Cushing's disease. Additional assays include endocrine measurements (TSH, Total T4 and Free T4), eACTH, cortisol, and gastrointestinal measures (cPL (canine lipase), cobalamin and folate). Part of the company's strategy is to introduce new assays to increase the uses for the veterinarian and sales of the assay consumables.

The first equine assay, endogenous adrenocorticotrophic hormone or ACTH, was launched in late 2023. It is the first stall-side or in-clinic test for eACTH, a measure frequently used to diagnose and monitor horses with PPID (pituitary pars intermedia dysfunction, a disorder comparable to Cushing's disease in humans). PPID affects many middle-aged horses and can progress to laminitis (inflammation that causes serious damage to laminae in the hoof) if not treated effectively. Having a stall side eACTH test means for the first time veterinarians can have rapid diagnostic information, potentially making this a test sick horses would have multiple times per year.

The equine eACTH assay was followed by the equine serum cortisol test in 2Q24. This assay is essential for the care of sick foals and was not available as a point-of-care diagnostic at the stall site or in the practice until now. Before this assay was launched, veterinarians needed to send samples to reference labs and then wait several days to get results, losing time in making treatment decisions. With several thousand foals born each year in the U.S., this new assay is expected to expand the use of the TRUFORMA system among vets.

In addition to the equine cortisol test, a version for dogs has been available since 2021. The canine cortisol assay is one of the most frequently used tests on the platform. The current version features an increased dynamic range that enhances precision and accuracy. The cortisol assay is vital for veterinarians, allowing them to perform critical tests such as the low dose dexamethasone suppression and ACTH stimulation tests with the accuracy of a large diagnostic lab.

**New Assays Are Planned For 2H24.** Five new indications have been launched or are planned for launch during second half of 2024. Additional assays in development include reproductive measures (progesterone, for monitoring equine pregnancies and timing ovulation in dogs), cardiac diseases (NT ProBNP), and additional endocrine indications (insulin). Longer term development plans include assays that target inflammatory conditions (C-reactive protein, bile acids), renal disease, cardiac disease, and infectious disease. Some of these assays in development could address both equine and small animal markets.

These new assays would broaden the number of conditions that can be tested with the TRUFORMA cartridges, as well as increasing numbers of tests that could be run on the current instruments. Both of these factors would make the instruments more valuable to the practices.

**The TRUFORMA Instrument Is Designed For Ease of Use.** The TRUFORMA instrument sits on a desktop and only requires about 11 by 8 inches of space. It uses disposable cartridges that are preloaded with reagents, minimizing the sample preparation and workflow for the technician.

The instruments use proprietary Bulk Acoustic Wave (BAW) sensor technology, licensed to Zomedica by Qorvo Inc., which has advantages over traditional white light or fluorescent optical technologies. The TRUFORMA platform uses non-optical and fluorescence-free BAW sensors that provide a more precise and sensitive measurement, with accuracy equivalent to a reference lab, in about 25 minutes.

Prior to launch, Zomedica validates each assay against the current gold standard, and only launches it once this standard is achieved and verified. Zomedica's pre-market testing for the TRUFORMA cortisol assay showed a high correlation ( $R=0.99$ ) with the Siemens IMMULITE veterinary cortisol assay that is used at most veterinary reference labs. It also has high precision ( $CV < 15\%$  across the dynamic range), indicating high accuracy and precision.

**Software Can Be Updated Remotely.** The Company recently introduced over-the-air capability for software updates to the TRUFORMA instrument. With every new assay, a software update for the installed base is needed to run the new assay with the appropriate reference ranges and information. A visit from the sales staff is no longer needed for these updates. Customers are notified and can download the updates themselves, then start using the new assay immediately. This provides prompt updates to the software and allows them to adopt the new assays immediately.

**Sales and Pricing.** The TRUFORMA devices are placed in the Veterinary practices free of charge, with revenue coming from the sale of the reagent cartridges used. These cartridges range in price from \$28 to \$82 each.

### ***TRUVIEW Microscope Allows In-Office Digital Cytology and Pathology Services***

The TRUVIEW microscope has been developed into a digital hematology and cytology system that can prepare slides from blood and tissue samples and quickly provide a digital image for diagnosis. This image is stored electronically on the Zomedica servers and can be accessed by the veterinarian at any time. If the veterinarian wants confirmatory diagnosis or second opinion from a pathologist, a Board-certified (veterinary pathologist) will review the images and send a report within two hours.

**TRUVIEW Microscope Has Advantages Over The Standard Procedure.** The standard procedure for examining blood under a microscope involves placing drops of the sample on a slide, manually smearing it across the viewing area, adding fixative, staining, washing and drying. While this is a common procedure that takes a trained technician 5 to 10 minutes, the TRUVIEW digital cytology system is an all-in-one microscope that only requires putting the blood sample on the slide. The rest of the preparation is done automatically. This is faster, reduces variability, and improves accuracy over the current method while using the lab technician's time more effectively.

The TRUVIEW microscope uses proprietary LiquiView™ liquid lens technology that provides a clear, high-resolution image. Once the image appears on the TRUVIEW screen, it is sent to the cloud (the Zomedica server) where it is stored electronically. The veterinarian's office can retrieve the slide at any time for review or future reference. If a pathologist's review was requested, the report is also stored with the slide image for easy reference.

In October 2024, the Ear Cytology Quick Scan protocol was introduced for the TRUVIEW microscope. This shortens the time for ear cytology slide preparation and review to about four minutes, providing rapid and accurate diagnosis as well as reducing the need for the veterinarian to review the results.

We see this as a significant introduction since ear infections are one of the most common reasons for veterinarian visits. Ear cytology is performed daily at vet clinics to diagnose otitis, which affects 10% to 20% of dogs and 4% to 7% of cats. This streamlining of the process could make the new assay beneficial for high volume clinics.

The TRUIVIEW Microscope was launched in mid-2023. It is provided to the practice on a subscription basis at \$495 per month and \$75 for the pathology reports. The monthly subscription avoids upfront costs to the practice, and includes up to 100 studies, with additional fees for more studies. The market is estimated at \$500 million, leaving substantial market share potential and revenue growth.

**Competition.** There are other companies that offer digital microscope pathology systems, including Antech, Idexx and Zoetis, although none offer automated hematology slide preparation. Zomedica plans to launch AI software to assist in diagnosis in 2H24, further improving workflow and the competitive position of the TRUIVIEW microscope.

### ***VETGuardian Pet Monitoring Device***

VETGuardian is a no-touch, wireless remote system that monitors pet vital signs and detects distress without any contact with the pet. The small (7 ½" X 6 ½") device hangs outside the pet's enclosure with its sensors pointing to the animal. It uses LIDAR sensors and continuous waveform Doppler radar to detect pulse, respiration, and vital signs. Temperature is detected with a thermal camera, and movements are monitored with a video camera. In August 2024, advanced audio capabilities for listening and playback were added. Like all of the Zomedica products, this improves care for the pet, enhances workflow, and provides a new revenue stream for the practice.

VETGuardian can provide continuous monitoring on-site or remotely for pets recovering from surgery. The data goes to the cloud and is sent back to the practice. The image and vital signs for multiple VetGuardian monitors can be displayed on a screen in the clinic area so the technicians can observe the pet in recovery. If the pet needs to stay in the ICU or overnight, the data can be accessed through the clinic staff's laptops, pads or phones.

The VETGuardian allows the veterinarian to monitor the pet's vital signs, movements, and sounds to detect any signals of pain or distress and respond with treatment or intervention. If any of the pet's vital signs go outside of the ranges set by the Veterinarian, alarms will be activated, with text messages and emails to start an immediate response to correct the situation. These measures are most critical in the ICU, post-operative period, or overnight after surgery when the pet is most vulnerable. An estimated 70% of the pets that die in the care of the practice will have fatal complications during these periods.

The VETGuardian selling price of \$4,500 per unit includes the first year of cloud data service. An annual cloud service fee of \$240 starts in the second year, along with an available extended warranty for \$355 per year. An expansion into the equine market is planned. We see this as a natural fit for horses due to their high value and Zomedica's current equine customer base for PulseVet and TRUFORMA products.

During 2Q24, Zomedica received the CE mark for the VETGuardian pet monitoring device that allows it to be sold throughout Europe. With this approval, it is now in a strong position to form additional distribution partnerships for International Sales.

### ***Sales and Commercialization***

Zomedica has been raising awareness of its products and their benefits at pet care industry trade shows and conferences. It also sponsors customer education initiatives for veterinarians and pet owners.

**Acquisitions, Hiring, and Contractual Relationships Have Increased the Sales Distribution Network.** Zomedica has expanded its sales capabilities through acquisitions, new hires, and contractual agreements. The Company has continued relationships with existing distributors while adding new ones in the U.S. and international territories. It also sells through contracts with animal health specialty distributors, professional service veterinarians, and eCommerce channels.

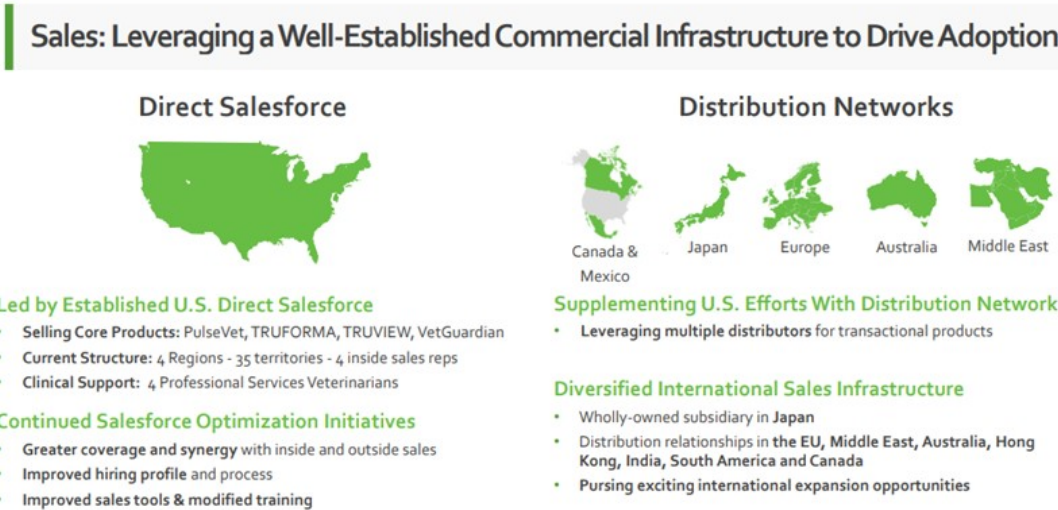
The PulseVet and Assisi acquisitions brought relationships with new distributors that increased the sales staff and geographic territories of the Company. Zomedica continued these relationships, and some of these distributors began to carry the full line of Zomedica products.

Zomedica divides the US into four regions with 35 territories. There are now about 48 field representatives selling the complete line of PulseVet, TRUFORMA, TRUVIEW, and VETGuardian products. Sales support includes four inside sales representatives and four professional Services Veterinarians to assist with veterinarian inquiries and provide clinical support.

**Subsidiaries and Partnerships Cover International Territories** Zomedica has a wholly owned subsidiary in Japan, and has added international distribution networks in several territories, including Canada and Mexico, Europe, and Australia.

International sales of PulseVet and Assisi products through distributors in international territories have contributed about 15% to 20% of Total Revenue. In 2Q24, a new partnership with Leader Healthcare group was announced for the Middle East, North Africa, and India. Separately, a distribution agreement with SIRE Veterinario SA added Costa Rica. Recently the Company announced an expansion of its agreement with Grovet for sales of PulseVet products to equine customers in the EU, UK and Switzerland, and adding TRUFORMA’s equine assays for the first time in Europe. The expected proportion of international sales is expected to remain in the 15% to 20% range as revenue increases in both the domestic and international markets.

**Exhibit 4. Zomedica Has Distribution Channels In The US and International Territories.**



Source: Zomedica Corp.

**Manufacturing Capacity Has Been Expanded.** Zomedica manufactures its own products. The PulseVet, TRUVIEW and VETGuardian products and the TRUFORMA instruments are made and distributed at its plant in Roswell, Georgia. The Assisi products are assembled and also distributed from its Roswell facility. In June 2024, the company completed an expansion that increased its size to 18,400 square feet from 12,400 square feet which brought its capacity to five-fold the 2023 sales level.

Qorvo Biotech previously made the TRUFORMA assay cartridges for Zomedica. The Qorvo acquisition included the plant in Plymouth, Minnesota where the TRUFORMA assay cartridges are made, assembled, and distributed. The acquisition of Qorvo Biotechnologies (now known as Zomedica Biotechnologies) gave Zomedica control over the manufacturing and distribution of the cartridges as well as the Research and Development of new products.

In September 2024, renovations at the Plymouth facility were completed. The facility now has 30,000 square feet for manufacturing, distribution, and R&D. Manufacturing operations have been expanded, and the TRUFORMA cartridges are now made in an automated line. Distribution has been streamlined to accommodate higher volumes of existing products and future introductions of new ones.

### **Financial Analysis and Valuation**

**More Acquisitions Could Be In Its Future.** Zomedica reported a cash and equivalents balance (including available-for-sale securities) of \$79.5 million at the end of 3Q24. It plans to continue strategic acquisitions of companies and products that meet its "Five Pillars" requirement, including products and/or companies with high potential sales growth fit with existing businesses.

Zomedica has been growing each of its products and Total Revenues on a year-over-year basis. Sales of consumables have been about 72% of revenues. As more instruments are sold, the consumable revenues will continue to grow. This should change the mix of consumable revenue to instruments, improving margins and providing more steady revenues.

Revenue has shown a seasonal pattern, as practice managers tend to time their equipment purchases for the end of their fiscal year. In prior years, spending on capital equipment increased during the fourth quarter, fell back in the first quarter of the next year, then increased for the remaining quarters. We expect this seasonality to continue through FY2025, although the sales of supplies and consumables could dampen its effect.

**Products Have High Margins.** Gross margin averaged 69% in FY2023, and we expect it to remain in the 65% to 70% range in 2H24 and FY2025. This is at the high end of the range for the industry.

The FY2024 financial results for the first two quarters included spending to expand manufacturing capacity in Georgia and Minnesota. Both plants had some up-front costs that were included in COGS. We expect these integration costs to increase leverage and lower costs in future quarters and may help maintain margins around 70%. In 3Q24, gross margins reached 72%, beating our estimates.

As discussed, the sales of PulseVet system can be financed by a third-party. Zomedica records it as a sale, with the finance company assuming liability and receivables. The products that are placed in a veterinarian's office, including TRUFORMA and TRUVEW devices, remain Company assets and are recorded on the balance sheet as depreciable assets over 10 years.

**Zomedica Has \$79.5 Million On Its Balance Sheet.** In view of the reported \$79.5 million in cash and equivalents, we see no need to raise capital in the near future. We project a FY2025 loss of \$35.2 million, with projections for earnings, cash flow, and the balance sheet are based on current operations that exclude potential new acquisitions. We believe the company current cash balance can fund operations through break-even and/or positive cash flow. We expect it continue making acquisitions that are consistent with its "Five Pillars" described above, and may choose to fund the transactions from the cash balance or additional offerings.

In 3Q24, Total Sales reached \$7.0 million with gross margins of 72%. Research and development expense of \$1.8 million was 26% of sales, reflecting the development and launch of several new assays. Selling and Marketing expense was \$3.9 million while General and Administrative expense was \$6.7 million. We expect Selling and Marketing to remain in the 55% to 60% of sales range as selling commissions increase with sales volumes. As the company grows, we expect General and Administrative expense to increase gradually to reflect growth of the company's infrastructure, but declining on a percentage of sales basis as the expense is leveraged over a larger organization.

For FY2024, we project revenues of \$27.5 million as capital sales (instruments) and consumables resume and strengthen in 3Q24 and 4Q24. We estimate gross margins of 70% for the full year, with Net Loss of \$51.1 million or \$(0.048) per share. Although we typically round our earnings forecasts to full-cents, Zomedica has about 980 million shares outstanding as of June 30, 2024. We believe a reverse split that increases the per-share price would benefit the company in several ways, including avoid the rounding that requires financial reporting databases to report EPS of \$(0.00) per share for all historical quarters. We also believe a reporting change to full cents per share would more accurately reflect EPS and its growth.

**Conclusion.** We rate ZOM Outperform and value the stock based on our estimate of its FY2027 revenues. We forecast Total Revenues of \$58.6 million based on the current products. Assigning a multiple of 5X revenues gives a market valuation of about \$293 million. Based on the technology, market risk, and historical growth rates of the products, we discount these sales at 10% to derive a target market valuation of about \$242 million or \$0.25 per share.

## Risk Factors

Risks to our rating and price target include but are not limited to:

**Product development risk:** Zomedica is developing and introducing new products to the veterinary market. The company faces the risks of the animal health and diagnostic industries, including scientific, technical, and clinical risks.

**Company risk:** The company has incurred significant losses and negative cash flow operations since inception and expects to incur losses and negative cash flows for at least the next 12 months. The company is dependent on the sales and growth of its technology platforms.

**International risks:** The international aspects of their business expose the company to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the US. Unfavorable global economic conditions could adversely affect their business, financial conditions, or results of operations.

**Intellectual property risk:** The field of patents and intellectual property involves complex scientific and legal issues that are subject to change by Congressional legislation or judicial action. Other companies with greater resources may challenge the company's intellectual property estate through the legal system or through the US Patent and Trademark Office. Outcomes of such challenges are difficult to predict and subject to reversal on appeal. While Zomedica has no pending intellectual property challenges, this is a risk inherent to new technologies and the industry.

**Exchange and market risk:** ZOM shares trade on the NYSE American exchange with relatively small daily volume. If the company is unable to comply with the NYSE listing requirements, the shares could be delisted, which would limit investors' ability to effect transactions in the shares and may have additional trading restrictions. The company may choose to raise additional capital to fund operations, which is subject to market conditions.

Zomedica Corp: Income Statement (in thousands, except per share data)														
Fiscal Year Ended December :	2022A	2023A	1Q24A	2Q24A	3Q24A	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E	2026E	2027E
<b>Product sales</b>														
<b>Diagnositics</b>	391	1,377	744	419	507	740	2,410	830	1,025	1,035	1,210	4,100	5,630	7,330
Capital (TRUFORMA, TRUVIE)	-	609	450	125	168	220	963	360	475	490	640	1,965	2,650	3,520
Consumables	391	768	294	294	339	520	1,447	470	550	545	570	2,135	2,980	3,810
<b>Therapeutic Devices</b>	18,539	23,809	5,518	5,712	6,490	7,360	25,080	6,950	7,460	7,825	8,825	31,060	39,700	51,250
Capital (PulseVet, Assisi)	7,338	8,179	1,774	1,605	2,073	2,600	8,052	2,100	2,300	2,450	2,950	9,800	13,500	17,600
Consumables	11,065	15,545	3,716	4,067	4,370	4,700	16,853	4,800	5,100	5,300	5,800	21,000	25,900	33,200
Other	136	85	28	40	47	60	175	50	60	75	75	260	300	450
<b>Product Revenue</b>	<b>13,468</b>	<b>25,186</b>	6,262	6,131	6,997	8,100	27,490	7,780	8,485	8,860	10,035	35,160	45,330	58,580
<b>Total Revenues</b>	18,930	25,186	6,262	6,131	6,997	8,100	27,490	7,780	8,485	8,860	10,035	35,160	45,330	58,580
<b>Expenses</b>														
Cost of goods sold	5,462	7,868	2,145	1,769	1,937	2,242	8,093	2,256	2,461	2,569	2,910	10,196	12,692	16,402
COGS/Revenues	41%	31%	34%	29%	28%	28%	29%	29%	29%	29%	29%	29%	28%	28%
Research and development	2,578	5,744	1,771	1,506	1,845	1,800	6,922	1,478	1,570	1,639	1,806	6,493	7,066	8,504
		23%	28%	25%	26%	22%	25%	19%	19%	19%	18%	18%	16%	15%
Selling and marketing	9,879	14,137	4,107	3,923	3,890	4,698	16,618	4,668	5,091	5,139	5,569	20,467	24,932	29,290
		56%	66%	64%	56%	58%	60%	60%	60%	58%	56%	58%	55%	50%
General and Administrative	22,934	29,029	8,625	7,976	6,765	7,371	30,737	8,169	8,061	8,417	8,530	33,177	34,302	41,006
		115%	138%	130%	97%	91%	112%	105%	95%	95%	85%	94%	76%	70%
Impairment charge				16,024			16,024							
<b>Total expenses</b>	<b>40,853</b>	<b>56,778</b>	<b>16,648</b>	<b>31,198</b>	<b>14,437</b>	<b>16,111</b>	<b>78,394</b>	<b>16,571</b>	<b>17,182</b>	<b>17,764</b>	<b>18,816</b>	<b>70,333</b>	<b>78,992</b>	<b>95,202</b>
<b>Operating Income (Loss)</b>	<b>(21,923)</b>	<b>(31,592)</b>	<b>(10,386)</b>	<b>(25,067)</b>	<b>(7,440)</b>	<b>(8,011)</b>	<b>(50,904)</b>	<b>(8,791)</b>	<b>(8,697)</b>	<b>(8,904)</b>	<b>(8,781)</b>	<b>(35,173)</b>	<b>(33,662)</b>	<b>(36,622)</b>
Interest income	2,701	5,458	1,093	1,038	977	900	4,008	700	650	650	675	2,675	3,400	3,400
Interest expense	(1)	(175)												
<b>Net Interest</b>	<b>2,700</b>	<b>5,283</b>	<b>1,093</b>	<b>1,038</b>	<b>977</b>	<b>900</b>	<b>4,008</b>	<b>700</b>	<b>650</b>	<b>650</b>	<b>675</b>	<b>2,675</b>	<b>3,400</b>	<b>3,400</b>
Bad Debt Expense														
Gain on disposal of assets	1	24	12	(51)	(134)		(173)					-	-	-
Gain on extinguishment of debt														
Other income (loss)	(7)	2,080	84	52	(111)	30	55	25	30	20	40	115	130	140
Impairment expense		(11,683)												
Foreign exchange gain (loss)	(152)	28	(129)	(46)	(16)	(50)	(241)					-	-	-
<b>Total other income</b>	<b>2,542</b>	<b>(4,268)</b>	<b>1,060</b>	<b>993</b>	<b>716</b>	<b>880</b>	<b>3,649</b>	<b>725</b>	<b>680</b>	<b>670</b>	<b>715</b>	<b>5,465</b>	<b>6,930</b>	<b>6,940</b>
<b>Pretax Income</b>	<b>(19,381)</b>	<b>(35,860)</b>	<b>(9,326)</b>	<b>(24,074)</b>	<b>(6,724)</b>	<b>(7,131)</b>	<b>(47,255)</b>	<b>(8,066)</b>	<b>(8,017)</b>	<b>(8,234)</b>	<b>(8,066)</b>	<b>(29,708)</b>	<b>(26,732)</b>	<b>(29,682)</b>
Income tax provision (benefit)	2,366	1,331	(166)	(143)	(27)	(50)	(386)	-	-	-	-	-	-	-
Tax Rate														
<b>Net Income</b>	<b>(17,015)</b>	<b>(34,529)</b>	<b>(9,160)</b>	<b>(23,931)</b>	<b>(6,697)</b>	<b>(7,081)</b>	<b>(46,869)</b>	<b>(8,066)</b>	<b>(8,017)</b>	<b>(8,234)</b>	<b>(8,066)</b>	<b>(29,708)</b>	<b>(26,732)</b>	<b>(29,682)</b>
Unrealized gain (loss) change	(869)	936	(11)	9	225	2	225							
Change in foreign currency trans	24	(45)	(52)	(58)	139	(50)	(21)							
<b>Net Income and comprehensiv</b>	<b>(17,860)</b>	<b>(33,638)</b>	<b>(9,223)</b>	<b>(23,980)</b>	<b>(6,333)</b>	<b>(7,129)</b>	<b>(46,665)</b>							
GAAP EPS (basic)	(0.017)	(0.035)	(0.009)	(0.024)	(0.007)	(0.007)	(0.048)	(0.008)	(0.008)	(0.008)	(0.008)	(0.030)	(0.027)	(0.030)
GAAP EPS (diluted)	(0.017)	(0.035)	(0.009)	(0.024)	(0.007)	(0.007)	(0.048)	(0.008)	(0.008)	(0.008)	(0.008)	(0.030)	(0.027)	(0.030)
Weighted Average Shares (bas	979,950	979,950	979,950	980,930	979,950	980,930	980,440	981,911	982,892	983,875	984,859	983,384	987,324	991,279
Weighted Average Shares (dilu	979,950	979,950	979,950	980,930	979,950	980,930	980,440	981,911	982,892	983,875	984,859	983,384	987,324	991,279

Source: Company SEC filings and Noble Capital Markets estimates

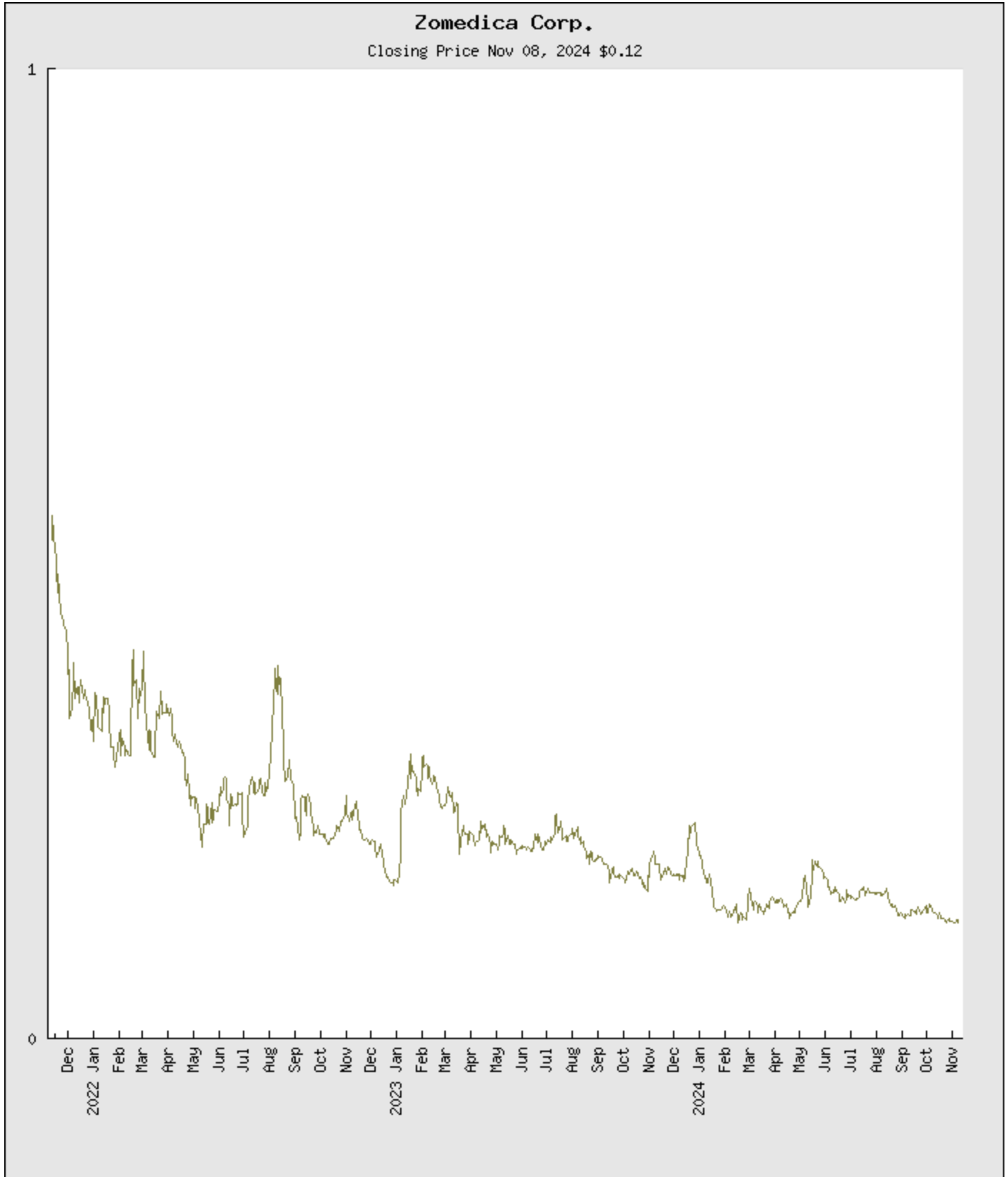


Zomedica Corp: Balance Sheet (in thousands)													
Assets	2022A	2023A	1Q24A	2Q24A	3Q24A	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E	2026E
<b>Cash and Cash Equivalents</b>	\$27,399	\$12,952	\$10,939	\$7,939	\$9,747	\$9,838	\$9,838	\$13,328	\$16,968	\$20,191	\$24,183	\$24,183	\$1,440
Prepaid expenses and other assets	87,693	77,545											
Available-for-sale securities	596	1,197	72,023	71,569	67,128	61,128	61,128	51,128	41,128	31,128	21,128	21,128	1,128
Trade receivables, net	2,746	5,123	1,649	1,383	1,759	1,759	1,759	1,759	1,759	1,759	1,759	1,759	1,759
Inventory, net	3,799	2,064	5,062	5,507	5,429	5,429	5,429	5,429	5,429	5,429	5,429	5,429	5,429
Prepaid expenses and deposits	1,268	1,001	1,616	2,100	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579	2,579
Other receivables			780	724	628	628	628	628	628	628	628	628	628
<b>Total current assets</b>	\$123,501	\$99,882	\$92,069	\$89,222	\$87,270	\$81,361	\$81,361	\$74,851	\$68,491	\$61,714	\$55,706	\$55,706	\$12,963
Property and equipment	6,809	250	23,971	24,979	25,540	25,540	25,540	25,540	25,540	25,540	25,540	25,540	25,540
Prepaid expenses and deposits	188	10,347	243	197	196	196	196	196	196	196	196	196	196
Construction in progress	692	12,481											
Right-of-use assets	1,665	2,466	2,253	2,042	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828	1,828
Goodwill	63,979	61,580	61,580	45,556	45,556	45,556	45,556	45,556	45,556	45,556	45,556	45,556	45,556
Intangible assets, net	41,799	55,364	54,802	53,218	51,616	51,616	51,616	51,616	51,616	51,616	51,616	51,616	51,616
Non current available-for-sale securities	40,712	10,005	7,964	3,482	966	966	966	966	966	966	966	966	966
Other assets	265	822	819	1,185	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
<b>Total assets</b>	\$279,610	\$253,197	\$243,701	\$219,881	\$214,115	\$208,206	\$208,206	\$201,696	\$195,336	\$188,559	\$182,551	\$182,551	\$139,808
<b>Liabilities</b>													
Accounts payable and accrued liabilities	6,698	7,668	6,676	2,323	2,376	2,376	2,376	2,376	2,376	2,376	2,376	2,376	2,376
Accrued income taxes	187	65	66	131	96	96	96	96	96	96	96	96	96
Current portion of lease obligations	641	916	847	740	632	632	632	632	632	632	632	632	632
Customer contract liabilities	207	276	260	271	293	293	293	293	293	293	293	293	293
Other current liabilities	78	107	159	4,370	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667	4,667
<b>Current Liabilities</b>	\$7,811	\$9,032	\$8,008	\$7,835	\$8,064	\$8,064	\$8,064	\$8,064	\$8,064	\$8,064	\$8,064	\$8,064	\$8,064
Lease obligations	1,097	1,814	1,657	1,552	1,445	1,445	1,445	1,445	1,445	1,445	1,445	1,445	1,445
Deferred tax liabilities	1,245	1,138	955	759	694	694	694	694	694	694	694	694	694
Customer contract liabilities	182	252	279	282	260	260	260	260	260	260	260	260	260
Liability due to Qorvo													
Other liabilities	1,883	944	907	736	808	808	808	808	808	808	808	808	808
<b>Total Liabilities</b>	\$12,218	\$13,180	\$11,806	\$11,164	\$11,271	\$11,271	\$11,271	\$10,577	\$10,577	\$10,577	\$10,577	\$10,577	\$10,577
<b>Stockholders' equity</b>													
Common Stock	380,973	380,973	380,973	380,973	380,973	380,973	380,973	382,530	382,530	382,530	382,530	382,530	384,277
Additional paid-in capital	23,666	29,929	31,030	31,832	32,292	33,293	33,293	34,003	35,660	37,118	39,175	39,175	39,175
Accumulated deficit	(136,404)	(170,933)	(180,093)	(204,024)	(210,721)	(217,802)	(217,802)	(225,869)	(233,886)	(242,120)	(250,186)	(250,186)	(280,318)
Accumulated comprehensive income	(843)	48	(15)	(64)	300	300	300	(15)	(15)	(15)	(15)	(15)	(15)
<b>Total Equity</b>	267,392	240,017	231,895	208,717	202,844	196,764	196,764	190,649	184,289	177,513	171,504	171,504	143,119
<b>Total Liab &amp; Equity</b>	\$279,610	\$253,197	\$243,701	\$219,881	\$214,115	\$208,035	\$208,035	\$201,226	\$194,866	\$188,090	\$182,081	\$182,081	\$153,696
Shares Issued (in thousands)	979,950	979,950	979,950	980,930	979,950	980,930	980,440	981,911	982,892	983,875	984,859	983,384	987,324
Shares Outstanding (in thousands)	979,950	979,950	979,950	980,930	979,950	980,930	980,440	981,911	982,892	983,875	984,859	983,384	987,324

Source: Company reports and Noble Capital Markets estimates

<b>Zomedica Corp: Cash Flow Statement (in thousands)</b>											
<b>Cash flows from operating activities:</b>	<b>2023A</b>	<b>1Q24A</b>	<b>2Q24A</b>	<b>3Q24A</b>	<b>4Q24E</b>	<b>2024E</b>	<b>1Q25E</b>	<b>2Q25E</b>	<b>3Q25E</b>	<b>4Q25E</b>	<b>2025E</b>
<b>Net income (loss)</b>	<b>(34,529)</b>	<b>(9,160)</b>	<b>(33,091)</b>	<b>(39,788)</b>	<b>(46,869)</b>	<b>(46,869)</b>	<b>(8,066)</b>	<b>(16,084)</b>	<b>(24,318)</b>	<b>(32,383)</b>	<b>(32,383)</b>
Share based compensation	6,263	1,101	1,960	2,433	3,200	3,200	1,400	2,900	4,200	6,100	6,100
Amortization of intangible assets	5,468	1,597	3,223	4,834	4,834	4,834					
Depreciation of property and equipment	830	334	685	1,102	1,102	1,102					
Non-cash portion of rent benefit	187	2	(14)	(15)	(15)	(15)					
Loss on impairment	11,683		16,024	16,024	16,024	16,024					
Loss (gain) on disposal of property and equipment	(24)	(12)	39	173	173	173					
Accretion/amortization of available-for-sale securities	(2,209)	(543)	(1,112)	(1,608)	(1,608)	(1,608)					
Equity in earning of unconsolidated entities			75	116	116	116					
Gain on conversion of notes receivable	(2,174)										
Deferred tax expense	(1,489)	(184)	(379)	(444)	(444)	(444)					
Accrual of debenture interest											
Unrealized gain on foreign exchange											
Gain on debenture exchange											
<b>Changes in assets and liabilities:</b>											
Purchased inventory	(1,059)	60	(652)	(660)	(660)	(660)					
Prepaid expenses and deposits	1,499	450	10	(460)	(460)	(460)					
Trade receivables	(617)	(452)	(187)	(562)	(562)	(562)					
Other receivables	348	322	412	570	570	570					
Accounts payable			148	308	308	308					
Accounts payable and accrued liabilities	384	(1,133)	(1,333)	(1,048)	(1,048)	(1,048)					
Accrued income tax	(125)	1	66	31	31	31					
Deferred tax benefits	180										
Other current liabilities	30	52									
Customer contract liabilities	140	10	25	25	25	25					
Other liabilities	(761)	(35)	(208)	(136)	(136)	(136)					
<b>Net Cash From Operations</b>	<b>(15,975)</b>	<b>(7,590)</b>	<b>(14,309)</b>	<b>(19,105)</b>	<b>(25,419)</b>	<b>(25,419)</b>	<b>(6,666)</b>	<b>(13,184)</b>	<b>(20,118)</b>	<b>(26,283)</b>	<b>(26,283)</b>
<b>Cash flows from investing activities:</b>											
Preceeds from sale of (investment in) available-for-sale securities	42,775	7,988	13,463	21,091	27,091	27,091	10,000	20,000	30,000	40,000	40,000
Investment in non-consolidated entities			(437)	(437)							
Investment in debt security	(1,750)										
Purchase of property and equipment	(496)	(2,335)	(3,559)	(4,637)	(4,637)	(4,637)					
Acquisition of intangibles	(4,150)	(28)	(70)	(79)	(79)	(79)					
Investment in construction in progress	(10,843)										
Investment in acquisitions, net of cash acquired	(23,959)										
<b>Net cash provided by investing activities</b>	<b>1,577</b>	<b>5,625</b>	<b>9,397</b>	<b>15,938</b>	<b>22,375</b>	<b>22,375</b>	<b>10,000</b>	<b>20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>40,000</b>
<b>Cash flows from financing activities:</b>											
Proceeds from issuance of shares and warrants							157	314	471	629	629
Share issuance costs				(70)	(70)	(70)					
<b>Net cash provided by financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(70)</b>	<b>(70)</b>	<b>(70)</b>	<b>157</b>	<b>314</b>	<b>471</b>	<b>629</b>	<b>629</b>
Effect of exchange rate on cash and cash equivalents		(48)	(101)	32							
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(14,398)</b>	<b>(2,013)</b>	<b>(5,013)</b>	<b>(3,205)</b>	<b>(3,114)</b>	<b>(3,114)</b>	<b>3,491</b>	<b>7,131</b>	<b>10,353</b>	<b>14,345</b>	<b>14,345</b>
Cash and equivalents, beginning of period	27,399	12,952	12,952	12,952	12,952	12,952	9,838	9,838	9,838	9,838	9,838
Cash and equivalents, end of period	12,952	10,939	7,939	9,747	9,838	9,838	13,328	16,968	20,191	24,183	24,183

Source: Company SEC filings and Noble Capital Markets estimates



**GENERAL DISCLAIMERS**

All statements or opinions contained herein that include the words "we", "us", or "our" are solely the responsibility of Noble Capital Markets, Inc. ("Noble") and do not necessarily reflect statements or opinions expressed by any person or party affiliated with the company mentioned in this report. Any opinions expressed herein are subject to change without notice. All information provided herein is based on public and non-public information believed to be accurate and reliable, but is not necessarily complete and cannot be guaranteed. No judgment is hereby expressed or should be implied as to the suitability of any security described herein for any specific investor or any specific investment portfolio. The decision to undertake any investment regarding the security mentioned herein should be made by each reader of this publication based on its own appraisal of the implications and risks of such decision.

This publication is intended for information purposes only and shall not constitute an offer to buy/sell or the solicitation of an offer to buy/sell any security mentioned in this report, nor shall there be any sale of the security herein in any state or domicile in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or domicile. This publication and all information, comments, statements or opinions contained or expressed herein are applicable only as of the date of this publication and subject to change without prior notice. Past performance is not indicative of future results.

Noble accepts no liability for loss arising from the use of the material in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to Noble. This report is not to be relied upon as a substitute for the exercising of independent judgement. Noble may have published, and may in the future publish, other research reports that are inconsistent with, and reach different conclusions from, the information provided in this report. Noble is under no obligation to bring to the attention of any recipient of this report, any past or future reports. Investors should only consider this report as single factor in making an investment decision.

**IMPORTANT DISCLOSURES**

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or discussed to another party, without the written consent of Noble Capital Markets, Inc. ("Noble"). Noble seeks to update its research as appropriate, but may be unable to do so based upon various regulatory constraints. Research reports are not published at regular intervals; publication times and dates are based upon the analyst's judgement. Noble professionals including traders, salespeople and investment bankers may provide written or oral market commentary, or discuss trading strategies to Noble clients and the Noble proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research report.

The majority of companies that Noble follows are emerging growth companies. Securities in these companies involve a higher degree of risk and more volatility than the securities of more established companies. The securities discussed in Noble research reports may not be suitable for some investors and as such, investors must take extra care and make their own determination of the appropriateness of an investment based upon risk tolerance, investment objectives and financial status.

**Company Specific Disclosures**

The following disclosures relate to relationships between Noble and the company (the "Company") covered by the Noble Research Division and referred to in this research report.

The Company in this report is a participant in the Company Sponsored Research Program ("CSR"); Noble receives compensation from the Company for such participation. No part of the CSR compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed by the analyst in this research report.

Noble intends to seek compensation for investment banking services and non-investment banking services (securities and non-securities related) within the next 3 months.

Noble is not a market maker in the Company.

## FUNDAMENTAL ASSESSMENT

The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

### Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

### The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

### Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

### Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

### Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

### ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Research Analyst focusing on the Biotechnology and Specialty Pharmaceuticals industry. 16 years of industry experience. BA in Economics from Tulane University and an MBA from Columbia Business School. FINRA licenses 7, 24, 63, 86, 87

### CONTINUING COVERAGE

Unless otherwise noted through the dropping of coverage or change in analyst, the analyst who wrote this research report will provide continuing coverage on this company through the publishing of research available through Noble Capital Market's distribution lists, website, third party distribution partners, and through Noble's affiliated website, [channelchek.com](http://channelchek.com).

**WARNING**

This report is intended to provide general securities advice, and does not purport to make any recommendation that any securities transaction is appropriate for any recipient particular investment objectives, financial situation or particular needs. Prior to making any investment decision, recipients should assess, or seek advice from their advisors, on whether any relevant part of this report is appropriate to their individual circumstances. If a recipient was referred to by an investment advisor, that advisor may receive a benefit in respect of transactions effected on the recipients behalf, details of which will be available on request in regard to a transaction that involves a personalized securities recommendation. Additional risks associated with the security mentioned in this report that might impede achievement of the target can be found in its initial report issued by . This report may not be reproduced, distributed or published for any purpose unless authorized by .

**RESEARCH ANALYST CERTIFICATION****Independence Of View**

All views expressed in this report accurately reflect my personal views about the subject securities or issuers.

**Receipt of Compensation**

No part of my compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed in the public appearance and/or research report.

**Ownership and Material Conflicts of Interest**

Neither I nor anybody in my household has a financial interest in the securities of the subject company or any other company mentioned in this report.

NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	90%	24%
Market Perform: potential return is -15% to 15% of the current price	10%	3%
Underperform: potential return is >15% below the current price	0%	0%

**NOTE:** On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. The recipient of this report who wishes further information regarding the subject company or the disclosure information mentioned herein, should contact by mail or phone.

Noble Capital Markets, Inc.  
150 E Palmetto Park Rd, Suite 110  
Boca Raton, FL 33432  
561-994-1191

Noble Life Science Partners is a division of Noble Capital Markets, Inc..

Noble Capital Markets, Inc. is a FINRA (Financial Industry Regulatory Authority) registered broker/dealer.

Noble Capital Markets, Inc. is an MSRB (Municipal Securities Rulemaking Board) registered broker/dealer.

Member - SIPC (Securities Investor Protection Corporation)

Report ID: 27064