

Zomedica Announces Second Quarter 2024 Financial Results: Revenue of \$6.1 Million; 71% Gross Margin, and \$83.0 Million in Liquidity to Support Growth

Diagnostic revenues up 68% year-over-year

ANN ARBOR, MI / August 14, 2024 / Zomedica Corp. (NYSE American:ZOM) (“Zomedica” or the “Company”), a veterinary health company offering point-of-care diagnostic and therapeutic products for equine and companion animals, today reported consolidated financial results for the second quarter ended June 30, 2024.

“We are pleased with the progress in the quarter, which represents the highest second quarter for the Company to date. We saw significant growth in our diagnostic product revenue, reflecting growing adoption of our TRUFORMA[®] and VETGuardian[®] products. We also enjoyed substantial growth in consumable products, reflecting the robust usage of our products in the clinic on an ongoing basis and rising to 72% of total sales, bolstering a foundation of recurring sales revenue. While we did set a record for revenue in the second quarter of the year, and sales of PulseVet[®] consumables grew, we were disappointed by sales of new PulseVet systems, which were down by three systems from the previous year. We believe that this was a result of short-term dynamics, and we expect to see year over year growth in this line item in the remaining quarters of this year,” commented Zomedica’s Chief Executive Officer, Larry Heaton.

“International sales exceeded our expectations, without processing inventory stocking orders for new international distribution agreements entered during the quarter. Instead, we expect that these orders will provide additional upside for the current and subsequent quarters. Gross margin, a key component of reaching profitability, also exceeded expectations for the quarter, rising to 71%.

“We also made significant strides towards our key growth initiatives in the quarter, which included the receipt of multiple key regulatory approvals allowing for the expansion of our commercial footprint in key international markets; the publication of compelling clinical data to support the further adoption of our portfolio; and the launch of new products.”

“As we move into the back half of the year, we are very excited about the future of Zomedica. We believe that the continued momentum towards our growth initiatives in combination with the strength of our balance sheet will allow us to aggressively execute on our strategies to drive increased adoption of our portfolio on a global scale,” concluded Mr. Heaton.

2024 Second Quarter Financial Highlights

Revenue for the second quarter of 2024 grew 2% to \$6.1 million, compared to second quarter 2023 revenue, reflecting 68% growth over the prior year in the Diagnostics segment driven by accelerating adoption of the TRUFORMA and VETGuardian products.

Revenue by Product Segment:

- Diagnostics segment revenue, comprised of our TRUFORMA, TRUVIEW™, and VETGuardian products, was \$0.4 million, up 68% over second quarter 2023 revenues of \$0.2 million
- Therapeutic Device segment revenue, comprised of our PulseVet and Assisi® products, was \$5.7 million, down 1% from second quarter 2023 revenues of \$5.8 million.

Revenue by Product Category:

- Consumable revenues grew to \$4.4 million, up 8% over second quarter 2023 revenues of \$4.0 million, and represent 72% of total sales.
- Capital revenues were \$1.7 million, down 12% from second quarter 2023 revenues of \$2.0 million.

Gross margin was 71% for the second quarter of 2024, slightly ahead of our expectations, and up from 67% in the prior year quarter, primarily driven by efficiencies gained from the ongoing integration of the recent Qorvo Biotechnologies acquisition.

Total cash used during the quarter was approximately \$8.0 million. When adjusted for non-recurring one-time items, non-GAAP operating burn was approximately \$5.2 million, in line with second quarter expectations and previously provided annual guidance for 2024.

2024 Second Quarter Results Review

Revenue for the three months ended June 30, 2024, was \$6.1 million, compared to \$6.0 million for the three months ended June 30, 2023, an increase of \$0.1 million or approximately 2%. The increase was driven by a 68% increase in our Diagnostics segment.

Cost of revenue was \$1.8 million, compared to \$2.0 million for the three months ended June 30, 2023, a decrease of \$0.2 million, as margins improved to 71% versus second quarter 2023 margins of 67%.

Operating expenses were \$29.4 million, compared to \$10.8 million for the three months ended June 30, 2023. When adjusting for the non-cash impairment charges associated with our Structured Monitoring Products, Revo Squared and Assisi acquisitions, totaling \$16.0 million, operating expenses for the quarter were \$13.4 million, an increase of \$2.6 million compared to prior year.

Research and development expenses were \$1.5 million, compared to \$0.9 million for the three months ended June 30, 2023, an increase of \$0.6 million. The increase was primarily due to our continued investments in acquiring CE marking for our TRUFORMA, TRUVIEW and VETGuardian products, incorporating Artificial Intelligence (“AI”) into our TRUVIEW and VETGuardian products and developing new TRUFORMA assays for launch later this year.

Selling and marketing expense was \$3.9 million, compared to \$3.1 million for the three months ended June 30, 2023, an increase of \$0.8 million. The increase was primarily due to our growing sales organization and higher trade show expenses associated with launching and marketing additional products.

General and administrative expense was \$8.0 million, compared to \$6.8 million for the three months ended June 30, 2023, an increase of \$1.2 million. The increase was primarily driven by professional fees for specialized accounting work and audit work associated with 2023 acquisitions, and additional fees related to compliance associated programs.

Net loss for the three months ended June 30, 2024, was \$23.9 million, or \$0.024 per share, which included \$16.0 million in non-cash charges for goodwill impairments, compared to a net loss of \$5.2 million, or \$0.005 per share, for the three months ended June 30, 2023

**Non-GAAP EBITDA loss (which includes adjustments for stock compensation) for the three months ended June 30, 2024, was \$22.3 million compared to a loss of \$3.7 million for the three months ended June 30, 2023.

When adjusting for the impairment charges noted above, and other non-cash items,

**Adjusted Non-GAAP EBITDA loss was \$5.2 million.

Liquidity and Outstanding Share Capital

Zomedica had cash, cash equivalents, and available-for-sale securities of \$83.0 million as of June 30, 2024, compared to \$90.9 million as of March 31, 2024. The decrease in cash was primarily driven by continued operations, other professional fees for specialized accounting work as well as audit and tax work associated with acquisitions, and additional fees related to compliance associated programs.

As of June 30, 2024, Zomedica had 979,949,668 common shares issued and outstanding.

For complete financial results, please see Zomedica’s filings on EDGAR and SEDAR+ or visit

the Zomedica website at www.zomedica.com.

For percentage calculations please refer to the financial statements filed with the SEC on Wednesday, August 14, 2024 along with other public filings.

Conference Call Details

Zomedica will host a conference call on Wednesday, August 14, 2024, at 4:30 p.m. ET to discuss the Company's operational and financial highlights for its first quarter ended June 30, 2024. A question-and-answer session will follow management's prepared remarks.

Event: Zomedica Corp. Q2 2024 Financial Results Conference Call

Date: Wednesday, August 14, 2024

Time: 4:30 p.m. Eastern Time

Live Call: +1-800-717-1738 (U.S. Toll-Free) or +1-646-307-1865 (International)

Webcast: [LINK](#)

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until Wednesday, August 28, 2024 at 11:59 PM ET and can be accessed by dialing +1-844-512-2921 (U.S. Toll-Free) or +1-412-317-6671 (International) and entering replay pin number: 1166273

About Zomedica

Zomedica is a leading equine and companion animal healthcare company dedicated to improving animal health by providing veterinarians innovative therapeutic and diagnostic solutions. Our gold standard PulseVet[®] shock wave system, which accelerates healing in musculoskeletal conditions, has transformed veterinary therapeutics. Our suite of products also includes the Assisi[®] Loop line of therapeutic devices and the TRUFORMA[®] diagnostic platform, the TRUVIEW[™] digital cytology system, and the VetGuardian[®] no-touch monitoring system, all designed to empower veterinarians to provide top-tier care. In the aggregate, their total addressable market in the U.S. exceeds \$2 billion. Headquartered in Michigan, Zomedica employs approximately 150 people and manufactures and distributes its products from its world-class facilities in Georgia and Minnesota. An NYSE American company, Zomedica grew revenue 33% in 2023 to \$25 million and maintains a strong balance sheet with approximately \$83 million in liquidity as of June 30, 2024. Zomedica is advancing its product offerings, leveraging strategic acquisitions, and expanding internationally as we work to enhance the quality of care for pets, increase pet parent satisfaction, and improve the workflow, cash flow and profitability of veterinary practices. For more information visit www.zomedica.com.

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Cautionary Note Regarding Forward-Looking Statements

Except for statements of historical fact, this news release contains certain “forward-looking information” or “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur and include statements relating to our expectations regarding future results. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance, or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, including assumptions with respect to economic growth, demand for the Company’s products, the Company’s ability to produce and sell its products, sufficiency of our budgeted capital and operating expenditures, the satisfaction by our strategic partners of their obligations under our commercial agreements, our ability to realize upon our business plans and cost control efforts and the impact of COVID-19 on our business, results and financial condition.

Our forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: the outcome of clinical studies, the application of generally accepted

accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments, uncertainty as to whether our strategies and business plans will yield the expected benefits; uncertainty as to the timing and results of development work and verification and validation studies; uncertainty as to the timing and results of commercialization efforts, as well as the cost of commercialization efforts, including the cost to develop an internal sales force and manage our growth; uncertainty as to our ability to successfully integrate acquisitions; uncertainty as to our ability to supply products in response to customer demand; uncertainty as to the likelihood and timing of any required regulatory approvals, and the availability and cost of capital; risks associated with maintaining our listing on the NYSE American exchange; the ability to identify and develop and achieve commercial success for new products and technologies; veterinary acceptance of our products; competition from related products; the level of expenditures necessary to maintain and improve the quality of products and services; changes in technology and changes in laws and regulations; our ability to secure and maintain strategic relationships; performance by our strategic partners of their obligations under our commercial agreements, including product manufacturing obligations; risks pertaining to permits and licensing, intellectual property infringement risks, risks relating to any required clinical trials and regulatory approvals, risks relating to the safety and efficacy of our products, the use of our products, intellectual property protection, risks related to the COVID-19 pandemic and its impact upon our business operations generally, including our ability to develop and commercialize our products, and the other risk factors disclosed in our filings with the SEC and under our profile on SEDAR+ at www.sedarplus.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Investor Relations Contact:

Zomedica Investor Relations
investors@zomedica.com
1-734-369-2555

Non-GAAP Measures

Non-GAAP EBITDA, Adjusted Non-GAAP EBITDA, and other measures presented on an adjusted basis are not recognized terms under U.S. GAAP and do not purport to be alternatives to the most comparable U.S. GAAP amounts. Since all companies do not use identical calculations, our definition and presentation of these measures may not be

comparable to similarly titled measures reported by other companies. Management uses the identified non-GAAP measures to evaluate the operating performance of the Company and its business segments and to forecast future periods. Management believes these non-GAAP measures assist investors and other interested parties in evaluating Zomedica's on-going operations and provide important supplemental information to management and investors regarding financial and business trends relating to Zomedica's financial condition and results of operations. Investors should not consider these non-GAAP measures as alternatives to the related GAAP measures. Reconciliations of non-GAAP measures to their closest U.S. GAAP equivalent are presented below.

* Non-GAAP EBITDA is defined as net loss and comprehensive loss excluding amortization, depreciation, non-cash stock compensation, and taxes while reversing out the benefits derived from net interest income.

** Non-GAAP Adjusted EBITDA is defined as Non-GAAP EBITDA, as defined above, excluding expenses related to the transition of TRUFORMA development and manufacturing capabilities, executive transition activities, adjustments associated with our acquisitions, and one-off consulting work.

For the 3 Months Ended

| | As Presente d 6/30/202 4 | One- Time Items 6/30/202 4 | Adjuste d 6/30/20 24 | As Presente d 6/30/202 3 |
|-----------------------------------|---|---|---|---|
| Net revenue | \$ 6,131 | \$ - | \$ 6,131 | \$ 6,020 |
| Cost of revenue | 1,769 | - | 1,769 | 1,972 |
| Gross profit | 4,362 | - | 4,362 | 4,048 |
| Expenses | | | | |
| General and administrative | 7,976 | (1,083) | 6,893 | 6,850 |
| Research and development | 1,506 | - | 1,506 | 859 |
| Selling and marketing | 3,923 | - | 3,923 | 3,081 |
| Impairment expense | 16,024 | (16,024) | - | - |
| Loss from operations | (25,067) | 17,107 | (7,960) | (6,742) |
| Interest income | 1,038 | - | 1,038 | 1,460 |
| Interest expense | - | - | - | (62) |
| Gain (loss) on disposal of assets | (51) | - | (51) | 1 |
| Other loss | 52 | - | 52 | - |
| Foreign exchange loss | (46) | - | (46) | 17 |
| Loss before income taxes | (24,074) | 17,107 | (6,967) | (5,326) |
| Income tax expense (benefit) | (143) | - | (143) | (77) |
| Net loss | (23,931) | 17,107 | (6,824) | (5,249) |

| | | | | |
|---|---------------------------|-------------------------|--------------------------|--------------------------|
| Unrealized gains, change in fair value of available-for-sale securities, net of tax | 9 | - | 9 | (8) |
| Change in foreign currency translation | (58) | - | (58) | (47) |
| Net loss and comprehensive loss | <u>\$ (23,980)</u> | <u>\$ 17,107</u> | <u>\$ (6,873)</u> | <u>\$ (5,304)</u> |
| Adjustments (Non-Cash) | | | | |
| Amortization | \$ 1,626 | \$ - | \$ 1,626 | \$ 1,293 |
| Depreciation | 351 | - | 351 | 65 |
| Stock Compensation | 858 | - | 858 | 1,725 |
| Subtotal | <u>\$ (21,145)</u> | <u>\$ 17,107</u> | <u>\$ (4,038)</u> | <u>\$ (2,221)</u> |
| Interest | \$ (1,038) | \$ - | \$ (1,038) | \$ (1,398) |
| Taxes | (143) | - | (143) | (77) |
| Non-GAAP Adjusted EBITDA** | <u>\$ (22,326)</u> | <u>\$ 17,107</u> | <u>\$ (5,219)</u> | <u>\$ (3,696)</u> |

SOURCE: Zomedica Corp.

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