



IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
ImmunoPrecise Antibodies Ltd.

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of ImmunoPrecise Antibodies Ltd. (a British Columbia limited company) and subsidiaries (the "Company") as of April 30, 2023 and 2022, the related consolidated statements of comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2023 and 2022, and the results of its operations and its cash flows for of the years then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred operating losses since its inception, including \$26.6 million for the year ended April 30, 2023, and as of that date, the Company had \$8.3 million in cash on hand. Further, the Company believes it will need additional capital to finance its operations and strategic goals. These conditions, along with other matters as set forth in Note 1, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Houston, Texas
July 10, 2023

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

<i>(in thousands)</i>	Note	April 30, 2023 \$	April 30, 2022 \$
ASSETS			
Current assets			
Cash	16	8,280	29,965
Amounts receivable, net	16	3,247	2,503
Sales tax receivable		358	277
Income taxes receivable		178	—
Inventory	17	2,060	1,615
Unbilled revenue		632	629
Prepaid expenses		2,037	2,481
		16,792	37,470
Restricted cash		86	82
Deposit on equipment		332	369
Investment at fair value through profit and loss		115	142
Property and equipment	7, 11	10,392	3,559
Intangible assets	8	30,925	32,390
Goodwill	9	19,171	19,635
Total assets		77,813	93,647
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14, 16	3,386	4,768
Sales tax payable		2	31
Deferred revenue		977	1,034
Income taxes payable		—	420
Convertible debentures – liability component	8	—	1,312
Leases	11	1,116	987
Deferred acquisition payments	6	439	740
		5,920	9,292
Leases	11	6,151	468
Deferred acquisition payments	6	278	497
Deferred income tax liability	22	7,661	8,105
Total liabilities		20,010	18,362
SHAREHOLDERS' EQUITY			
Share capital	12	117,470	114,559
Convertible debentures – equity component	10	—	103
Contributed surplus	12	10,796	9,630
Accumulated other comprehensive income (loss)		2,625	(2,479)
Accumulated deficit		(73,088)	(46,528)
		57,803	75,285
Total liabilities and shareholders' equity		77,813	93,647

Nature of operations (Note 1)

Approved and authorized on behalf of the Board of Directors on July 6, 2023

“James Kuo” Director

“Greg Smith” Director

		Year ended April 30, 2023	Year ended April 30, 2022
	Note	\$	\$
<i>(in thousands, except share data)</i>			
REVENUE		20,665	19,364
COST OF SALES		9,102	8,381
GROSS PROFIT		11,563	10,983
EXPENSES			
Research and development		12,280	7,663
Sales and marketing		3,608	2,678
General and administrative		19,812	15,377
Amortization of intangible assets	8	4,414	2,013
		40,114	27,731
Loss before other income (expenses) and income taxes		(28,551)	(16,748)
OTHER INCOME (EXPENSES)			
Accretion	6, 10	(30)	(85)
Grant and subsidy income	19	332	75
Interest and other income		270	279
Unrealized foreign exchange gain		227	631
		799	900
Loss before income taxes		(27,752)	(15,848)
Income taxes	22	1,192	(861)
NET LOSS FOR THE PERIOD		(26,560)	(16,709)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified subsequently to loss			
Exchange difference on translating foreign operations		5,104	(1,792)
COMPREHENSIVE LOSS FOR THE PERIOD		(21,456)	(18,501)
LOSS PER SHARE – BASIC AND DILUTED		(1.07)	(0.85)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		24,897,185	19,688,487

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Share Capital \$	Convertible Debentures – Equity Component \$	Contributed Surplus \$	Accumulated Other Comprehensive (Loss) Income \$	Accumulated Deficit \$	Total \$
<i>(in thousands, except share data)</i>							
Balance, April 30, 2021	19,169,216	80,102	127	7,201	(687)	(29,819)	56,924
Shares issued pursuant to deferred acquisition payment to IPA Europe	41,488	503	—	—	—	—	503
Shares issued pursuant to option exercise	188,000	1,013	—	(401)	—	—	612
Shares issued pursuant to warrant exercise	925,076	3,491	—	(253)	—	—	3,238
Shares issued pursuant to conversion of convertible debentures	75,292	328	(24)	—	—	—	304
Shares issued pursuant to acquisition of BioStrand	4,077,774	29,122	—	—	—	—	29,122
Share-based payments	—	—	—	3,083	—	—	3,083
Comprehensive loss for the period	—	—	—	—	(1,792)	(16,709)	(18,501)
Balance, April 30, 2022	24,476,846	114,559	103	9,630	(2,479)	(46,528)	75,285
Shares issued pursuant to option exercise	263,537	1,493	—	(777)	—	—	716
Shares issued pursuant to conversion of convertible debentures	309,877	1,418	(103)	—	—	—	1,315
Share-based payments	—	—	—	1,943	—	—	1,943
Comprehensive income (loss) for the period	—	—	—	—	5,104	(26,560)	(21,456)
Balance, April 30, 2023	25,050,260	117,470	—	10,796	2,625	(73,088)	57,803

IMMUNOPRECISE ANTIBODIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

<i>(in thousands)</i>	Note	2023 \$	2022 \$
Operating activities:			
Net loss for the period		(26,560)	(16,709)
Items not affecting cash:			
Accretion	6, 10	30	85
Amortization and depreciation	7, 8, 11, 20	6,685	3,769
Asset impairment	11	2,460	167
Deferred income taxes	22	(926)	(336)
Foreign exchange		(146)	(519)
Gain on investment		(43)	(43)
Share-based payments	10, 11	1,943	3,083
		(16,557)	(10,503)
Changes in non-cash working capital related to operations:			
Amounts receivable	16	(561)	163
Inventory	17	(185)	(501)
Unbilled revenue		21	91
Prepaid expenses		90	(772)
Accounts payable and accrued liabilities	14, 16	(1,665)	1,462
Sales and income taxes payable and receivable		(896)	152
Deferred revenue		(80)	(13)
Net cash used in operating activities		(19,833)	(9,921)
Investing activities:			
Purchase of equipment	7	(1,495)	(1,066)
Security deposit on leases		40	(259)
Acquisition of BioStrand	6	—	(3,692)
Purchase of customer list		—	(191)
Deferred acquisition payments	6	(592)	—
Sale of QVQ Holdings BV shares		80	—
Net cash used in investing activities		(1,967)	(5,208)
Financing activities:			
Proceeds from share issuance, net of transaction costs	12	716	3,850
Share issue cost pursuant to the acquisition of BioStrand		—	(5)
Repayment of leases	11	(1,337)	(962)
Net cash used in financing activities		(621)	2,883
Decrease in cash during the period		(22,421)	(12,246)
Foreign exchange		740	455
Cash – beginning of the period		30,047	41,838
Cash – end of the period		8,366	30,047
Cash is comprised of:			
Cash		8,280	29,965
Restricted cash		86	82
		8,366	30,047
Cash paid for interest		263	38
Cash paid for income tax		591	1,185

Supplemental cash flow information (Note 21)

IMMUNOPRECISE ANTIBODIES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended April 30, 2023 and 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

ImmunoPrecise Antibodies Ltd. (the "Company" or "IPA") was incorporated under the laws of Alberta on November 22, 1983. The Company is listed on the NASDAQ Global Market ("Nasdaq") under the trading ticker symbol "IPA." The Company is a supplier of custom antibody discovery services. The address of the Company's corporate office is 3204 – 4464 Markham Street, Victoria, BC, Canada V8Z 7X8.

Going concern basis

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The Company has incurred operating losses since its inception, including \$26.6 million for the year ended April 30, 2023, and has accumulated a deficit of \$73.1 million as of April 30, 2023. The Company had \$8.4 million cash on hand as of April 30, 2023. The Company expects its cash on hand as of April 30, 2023 will be insufficient to fund the Company's operations for at least one year from the date these financial statements are available to be issued. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain financing necessary to fund its planned revenue growth and working capital requirements.

The Company will need to raise additional funds to finance its operations and strategic goals and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part on the prevailing capital market conditions and profitability of its operations. If the Company is unable to raise sufficient funds, reductions in expenditures will be required, and this may impact the future growth plans of the Company.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and include the significant accounting policies as described in Note 3.

These consolidated financial statements were approved by the Board of Directors.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cashflow information.

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(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the following subsidiaries which are wholly owned and subject to control by the Company:

Name of Subsidiary	% Equity Interest - April 30, 2023 and 2022	Country of Incorporation	Functional Currency
ImmunoPrecise Antibodies (Canada) Ltd.	100%	Canada	Canadian dollar
ImmunoPrecise Antibodies (USA) Ltd. ("IPA USA")	100%	USA	US dollar
ImmunoPrecise Antibodies (N.D.) Ltd.	100%	USA	US dollar
ImmunoPrecise Antibodies (MA) LLC	100%	USA	US dollar
Talem Therapeutics LLC ("Talem")	100%	USA	US dollar
ImmunoPrecise Netherlands B.V.	100%	Netherlands	Euro
ImmunoPrecise Antibodies (Europe) B.V. ("IPA Europe")	100%	Netherlands	Euro
BioStrand B.V.	100%	Belgium	Euro
Idea Family B.V.	100%	Belgium	Euro
BioKey B.V.	100%	Belgium	Euro
BioClue B.V.	100%	Belgium	Euro
ImmunoPrecise Antibodies (Quebec), Ltd.	100%	Canada	Canadian dollar
9438-9244 Quebec, Inc.	100%	Canada	Canadian dollar

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

(d) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements. The presentation currency of the Company is the Canadian dollar.

Foreign currency translation

Entities whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation differences.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

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3. SIGNIFICANT ACCOUNTING POLICIES

Business combinations

Acquisitions of businesses are accounted for using the acquisition model. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Revenue recognition

The Company recognizes revenue from sale of antibodies and service agreements.

Sale of antibodies: Revenue from sale of antibodies is recognized when the terms of a contract with a customer have been satisfied. This occurs when:

- The control over the product has been transferred to the customer; and
- The product is received by the customer or transfer of title to the customer occurs upon shipment.

Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. Revenue is recognized based on the price specified in the contract, net of estimated sales discounts and returns.

Contract revenue:

Revenues from contracted services are generally recognized as the performance obligations are satisfied over time, and the related expenditures are incurred pursuant to the terms of the agreement. Contract revenue is recognized over time when the key milestones contained within the contract are satisfied and there is an enforceable right to payment for performance completed to date. For contracts with no enforceable right to payment when the contract is incomplete, contract revenue is recognized when the customers are satisfied with the service at the end of the contract and control of the product has been transferred to the customer.

Unbilled revenue and deferred revenue:

Amounts recognized as revenue in excess of billings are classified as unbilled revenue. Amounts received in advance of the performance of services are classified as deferred revenue.

Cost of sales:

Cost of sales includes materials, direct labor, and allocation of overhead including depreciation of lab equipment.

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Financial instruments

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

	Classification and measurement IFRS
	9
Cash	Amortized cost
Amounts receivable	Amortized cost
Investment	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Convertible Debentures	Amortized cost
Deferred acquisition payments	Amortized cost

Measurement

Financial assets and liabilities at FVTPL:

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI:

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost:

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost:

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

Irrespective of the preceding policy, the Company always measures the loss allowance of trade receivables at an amount equal to the lifetime expected credit losses.

The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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Derecognition

Financial assets:

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities:

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

Government assistance

The Company periodically applies for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to research and development expenditures is recorded as a reduction of current year's expenses when the related expenditures are incurred.

Government grant

The Company periodically applies for financial assistance under available government incentive programs. The grant is recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. All funds received as part of the grant or subsidies are reflected in grant and subsidy income.

Inventory

Inventory consists of supplies, parts and antibodies and is valued at the lower of weighted average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

Equipment and leasehold improvements

Equipment and leasehold improvements are stated at cost, less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method over the following terms:

Asset	Basis	Term
Lab equipment	Straight line	5 years
Furniture and equipment	Straight line	5 years
Computer hardware	Straight line	2 years
Computer software	Straight line	1 year
Building	Straight line	Remaining term of the property lease
Automobile	Straight line	Remaining term of the automobile lease
Leasehold improvements	Straight line	Shorter of useful life and remaining term of the lease plus the first renewal option

The Company evaluates equipment and leasehold improvements for indications of impairment at the end of each reporting period. Impairment losses are immediately recognized in profit and loss.

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Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization for intangible assets with finite lives is provided over the following terms:

Asset	Basis	Term
Internally generated development costs	Straight line	5 years
Intellectual property	Straight line	10 - 15 years
Proprietary processes	Straight line	5 years
Certifications	Straight line	1 year
Customer list	Straight line	2 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not subject to amortization and an impairment test is performed annually or as events occur that could indicate impairment.

Goodwill is reported at cost less any impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGU"s). To test for impairment, goodwill is allocated to each of the Company's CGUs, groups of CGUs, or an operating segment expected to benefit from the acquisition. Goodwill is tested by combining the carrying amounts of equipment and leasehold improvements, intangible assets and goodwill and comparing this to the recoverable amount. Fair value less costs of disposal is price to be received in an orderly transaction between market participants. Value in use is assessed using the present value of the expected future cash flows. Any excess of the carrying amount over the recoverable amount is recorded as impairment. Impairment charges, which are not tax affected, are recognized in profit or loss and are not reversed.

During the year ended April 30, 2023, the Company recorded an impairment charge of \$2.5 million related to the BioStrand CGU. See Note 9 for more information.

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Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of their carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal or the value in use. Value in use is determined by the present value of the future cash flows from the asset. If the recoverable amount is less than the carrying amount, then there is impairment. Where an impairment loss exists, the portion of the carrying amount exceeding the recoverable amount is recorded as an expense immediately. Assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstance indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. The reversal is recognized in profit or loss immediately.

Income taxes

Income taxes are recognized in the statement of comprehensive income (loss), except where they relate to items recognized directly in equity, in which case the related taxes are recognized in equity.

Deferred tax assets and liabilities are recognized based on the difference between the tax and accounting values of assets and liabilities and are calculated using enacted or substantively enacted tax rates for the periods in which the differences are expected to reverse. The effect of tax rate changes is recognized in profit or loss or equity, as applicable, in the period of substantive enactment. Current taxes receivable or payable are estimated on taxable income for the current year at the statutory tax rates enacted or substantively enacted.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits of the relevant entity or group of entities, in a particular jurisdiction, will be available against which the assets can be utilized. As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

Investment tax credits ("ITCs") are accounted for as a reduction in the cost of the expense when there is reasonable assurance that such credits will be realized. These ITCs are used to reduce current income taxes payable.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The liabilities for leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

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Research and development

Research and development cost is charged to the income statement in the period in which it is incurred. Property, plant and equipment used for research and development is capitalized and depreciated in accordance with the equipment and leasehold improvements policy.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Proceeds from unit placements are allocated between common shares and warrants issued based on the residual value method, with the common shares being valued first.

Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

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4. ADOPTION OF NEW ACCOUNTING STANDARDS

Standards adopted

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling contracts (an example would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Company adopted this standard effective May 1, 2022. The adoption of the amendment to IAS 37 did not have an impact on the Company's consolidated financial statements for the year ended April 30, 2023.

Standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024, which is our fiscal year ending April 30, 2025.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS required estimates and judgments that affect the amounts reported in the financial statements. Actual results could differ from these estimates and judgments. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

Judgements

Business combinations

Acquisitions of a business are accounted for as a business combination if the assets acquired and liabilities assumed constitute a business in accordance with IFRS 3. Judgement is required to determine if the transaction meets the definition of a business combination.

During the year ended April 30, 2022, the Company acquired all the issued and outstanding shares of Idea Family BV, BioStrand BV, BioKey BV, and BioClue BV (collectively "BioStrand"), as detailed in Note 6. Management concluded that BioStrand met the definition of a business, and accounted for the transaction as a business combination.

The acquisition of BioStrand includes potential future earn-out payments dependent on the future profitability of the business. Judgement was required to determine whether the payments constitute an exchange for the business or are transactions separate from the business combination. The potential future earn-out payments to the selling shareholders of BioStrand will be accounted for separate from the business combination (see Note 18).

Impairments

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGU"s). Management applies judgement to determine CGUs. Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount.

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The Company performs a goodwill impairment test annually and when circumstances indicate that the carrying value may not be recoverable. For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to three different CGUs, the Company's Oss and Utrecht locations at IPA Europe, and BioStrand. The goodwill allocated to Oss, Utrecht, and BioStrand was \$3.1 million, \$4.7 million and \$11.4 million, respectively, as at April 30, 2023. The goodwill allocated to BioStrand includes an impairment charge during the year ended April 30, 2023 of \$2.5 million (see Note 9).

Estimates

Business combinations

At acquisition date, the identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair value. Goodwill is measured as the excess of the consideration transferred over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Estimates are required to determine the fair value of assets acquired and liabilities assumed, and estimated fair values may vary from prices that would be achieved in an arm's length transaction at the acquisition date (see Note 6).

Impairment of long-lived assets

The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs of disposal or value in use. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

The recoverable amount of each CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The cash flows were projected over a five-year period for the Company's Utrecht and Oss locations, and an eight-year period for BioStrand. The projections are based on past experience and actual operating results.

The Company performed its annual goodwill impairment test in April 2023 and identified impairment of the BioStrand CGU. The values assigned to the key assumptions represented management's assessment of future trends in the industry and were based on historical data from both internal and external sources. See Note 9 for details on the weighted average cost of capital used in the assessments of the three CGUs.

Useful life of intangible assets

Intangible assets are amortized based on estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that the actual useful lives and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, attributes of the assets and experience with similar assets. Changes to these estimates may affect the carrying value of assets, net income (loss) and comprehensive income (loss) in future periods (see Note 8).

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit and loss over the vesting period. The Company makes assumptions to determine the estimated forfeiture rate of the share options, and these estimates are reviewed at the end of each reporting period. Changes to these estimates may affect contributed surplus and net income (loss) (see Note 12).

Reclassification

For the period ended October 31, 2022, the Company changed the presentation of its expense analysis from the nature of expense method to the function of expense method. In accordance with IAS 1, the Company reclassified comparative amounts beginning with the period started May 1, 2021. The reclassification is intended to provide more relevant information about the activities of separate functions at the Company, along with increased comparability to industry peers.

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6. ACQUISITION OF BIOSTRAND

On April 13, 2022, the Company acquired all the issued and outstanding shares of BioStrand B.V., BioKey B.V., BioClue B.V. and Idea Family B.V. (collectively "BioStrand") on terms as follows:

€2.7 million (CAD \$3.7 million) was paid in cash on closing;
4,077,774 common shares of the Company were issued on closing;
Deferred cash payment of €0.5 million (CAD \$0.7 million) to be paid 90 days subsequent to closing; and
Deferred cash payment of €0.5 million (CAD \$0.6 million) to be paid over 3 years on the anniversary of the closing date.

BioStrand focuses on technology in the field of bioinformatics and biotechnology related to the identification of characteristic biological sequences in proteins, RNA and DNA, and their different information layers, the development of a knowledgebase containing these characteristic biological sequences and information layers, and the use of this database to process biological sequences and compare processed biological sequences. The acquisition provides the Company with advanced omics capabilities to enhance its antibody discovery processes and offer multi-omics data analysis to its clients.

The transaction was accounted for as a business combination, as the operations of BioStrand meet the definition of a business. As the transaction was accounted for as a business combination, legal and consulting costs of \$0.7 million and \$0.1 million, respectively, were expensed during the year ended April 30, 2022. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales growth potential and assembled workforce of BioStrand.

During the three months ended July 31, 2022, the Company recorded the right-of-use assets and lease liabilities in connection with building and vehicle leases at BioStrand. During the three months ended October 31, 2022, the Company adjusted goodwill upon the finalization of the deferred cash payment paid 90 days subsequent to closing. Both adjustments occurred during the measurement period and were applied retrospectively. The Company has allocated the purchase price as follows:

<i>(in thousands)</i>	\$
Cash	4,985
Common shares of the Company	29,126
Fair value of consideration	34,111
Cash	36
Amounts receivable	80
Unbilled revenue	8
Equipment and right-of-use assets	247
Intellectual property (not deductible for tax purposes)	28,459
Proprietary processes (not deductible for tax purposes)	391
Goodwill (not deductible for tax purposes)	12,658
Accounts payable and accrued liabilities assumed	(342)
Deferred revenue	9
Leases	(223)
Deferred income tax liability	(7,212)
	34,111

The intellectual property assets are primarily comprised of acquired technology assets that are expected to have a useful life of 15 years.

The fair value of the 4,077,774 common shares issued (\$29.1 million) was determined based on the Canadian dollar equivalent of the consideration required of €21.3 million pursuant to the share purchase agreement using the closing stock price at the date of the acquisition. The common shares are subject to an escrow agreement, and will be released to the vendors on the following schedule: 15% one year after closing, 20% two years after closing, and 65% three years after closing.

The operating results for BioStrand have been recognized in the consolidated statement of comprehensive loss beginning on April 13, 2022, the effective date of control. During the year ended April 30, 2022, the Company recorded a net loss of \$0.2 million related to BioStrand.

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The deferred cash payments of €1.0 million was fair valued on the date of acquisition using a discounted cash flow model. The changes in the value of the subsequent payments during the years ended April 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	\$
Balance, April 30, 2021	—
Amount at date of acquisition	1,317
Foreign exchange	(12)
Balance, April 30, 2022	1,305
Foreign exchange	45
Accretion	27
Working capital adjustment	(68)
Deferred acquisition payment	(592)
Balance, April 30, 2023	717
Less: Current portion	(439)
Non-current portion	278

The share purchase agreement related to the acquisition of BioStrand includes contingent earnout payments (see Note 18).

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7. PROPERTY AND EQUIPMENT

The table below includes both property and equipment and right-of-use assets.

	Computer Hardware \$	Furniture & Equipment \$	Computer Software \$	Building \$	Automobile \$	Leasehold Improvements \$	Lab Equipment \$	WIP - Leasehold Improvements \$	Total \$
<i>(in thousands)</i>									
Cost:									
Balance, April 30, 2021	96	36	49	2,730	94	353	5,048	—	8,406
Additions	39	3	—	311	1	—	991	138	1,483
Acquisition of BioStrand	24	—	—	69	152	—	—	—	245
Disposals	(21)	(5)	—	—	—	—	—	—	(26)
Lease modification	—	—	—	(22)	—	—	—	—	(22)
Subsidy reimbursement	—	—	—	—	—	—	(106)	—	(106)
Asset impairment	—	—	—	(363)	—	—	—	—	(363)
Foreign exchange	(2)	1	(2)	(139)	(8)	—	(261)	—	(411)
Balance, April 30, 2022	136	35	47	2,586	239	353	5,672	138	9,206
Additions	138	—	—	7,593	—	101	1,064	28	8,924
Completion of work-in-process	—	—	—	—	—	166	—	(166)	—
Disposals	(3)	—	—	(1,290)	(95)	—	(700)	—	(2,088)
Foreign exchange	17	18	3	196	23	6	437	—	700
Balance, April 30, 2023	288	53	50	9,085	167	626	6,473	—	16,742
Accumulated Depreciation:									
Balance, April 30, 2021	61	28	42	1,334	27	296	2,594	—	4,382
Depreciation	31	6	7	698	23	51	940	—	1,756
Disposals	(21)	(5)	—	—	—	—	—	—	(26)
Asset impairment	—	—	—	(196)	—	—	—	—	(196)
Foreign exchange	(1)	—	(2)	(100)	(4)	1	(163)	—	(269)
Balance, April 30, 2022	70	29	47	1,736	46	348	3,371	—	5,647
Depreciation	84	3	—	1,109	58	40	977	—	2,271
Disposals	(3)	—	—	(1,274)	(57)	—	(507)	—	(1,841)
Foreign exchange	6	1	3	181	10	—	72	—	273
Balance, April 30, 2023	157	33	50	1,752	57	388	3,913	—	6,350
Net Book Value:									
April 30, 2022	66	6	—	850	193	5	2,301	138	3,559
April 30, 2023	131	20	—	7,333	110	238	2,560	—	10,392

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8. INTANGIBLE ASSETS

Changes in the value of the intangible assets during the years ended April 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	Internally Generated Development Costs \$	Intellectual Property \$	Proprietary Processes \$	Certifications \$	Customer List \$	Total \$
Cost:						
Balance, April 30, 2021	33	4,089	7,635	138	—	11,895
Costs expensed	—	—	—	—	191	191
Acquisition of BioStrand	—	28,459	391	—	—	28,850
Foreign exchange	—	(634)	(667)	(12)	(11)	(1,324)
Balance, April 30, 2022	33	31,914	7,359	126	180	39,612
Foreign exchange	—	3,229	744	13	18	4,004
Balance, April 30, 2023	33	35,143	8,103	139	198	43,616
Accumulated Amortization:						
Balance, April 30, 2021	1	1,445	4,391	—	—	5,837
Amortization	7	398	1,577	—	31	2,013
Foreign exchange	—	(150)	(477)	—	(1)	(628)
Balance, April 30, 2022	8	1,693	5,491	—	30	7,222
Amortization	7	2,710	1,477	128	92	4,414
Foreign exchange	(1)	372	665	9	10	1,055
Balance, April 30, 2023	14	4,775	7,633	137	132	12,691
Net Book Value:						
April 30, 2022	25	30,221	1,868	126	150	32,390
April 30, 2023	19	30,368	470	2	66	30,925

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9. GOODWILL

The goodwill was acquired as a result of the acquisitions of U-Protein, IPA Europe and, BioStrand. The changes in the value of goodwill during the year ended April 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	\$
Balance, April 30, 2021	7,777
Foreign exchange	(677)
Acquisition of BioStrand	12,535
Balance, April 30, 2022	19,635
Foreign exchange	1,996
Asset impairment	(2,460)
Balance, April 30, 2023	19,171

Impairment testing

For annual impairment testing, goodwill is allocated to the following cash-generating units:

	April 30, 2023	April 30, 2022
<i>(in thousands)</i>	\$	\$
Oss	3,109	2,823
Utrecht	4,710	4,277
BioStrand	11,352	12,535
	19,171	19,635

The recoverable amount of each cash-generating unit was based on value-in-use calculations, and determined using a five-year forecast for Utrecht and Oss and an eight-year forecast for BioStrand, followed by a terminal growth rate determined by management. The present value of the forecasted cash flows of each cash-generating unit is determined by applying a discount rate reflecting a current market assessment of the time value of money and risks specific to the cash-generating units. The recoverable amount, growth rate assumptions and discount rates for each cash-generating unit as at April 30, 2023 and 2022 are as follows:

	Recoverable amount		Terminal growth rates		Discount rates	
	2023	2022	2023	2022	2023	2022
<i>(in thousands)</i>	\$	\$	%	%	%	%
Oss	6,723	9,493	2.2%	2.0%	28.1%	14.3%
Utrecht	11,405	12,483	2.2%	2.0%	24.1%	14.3%
BioStrand	31,546	—	2.5%	—	33.1%	—

The terminal growth rates reflect the average GDP growth rate of the Netherlands and Belgium. The discount rates reflect management's assessment of market and specific risk of the cash-generating units. Both the Oss and Utrecht cash-generating units operate in the same region and are included in the same operating segment of the Company. The cash flow forecasts include a key management assumption that future profit margins will remain stable, and is based on previous performance of the cash-generating units. The assumption for future profit margins is based on management's review of the prior three years of performance of the cash-generating units.

During the year ended April 30, 2023, the Company recorded an impairment loss of \$2.5 million for the BioStrand CGU. The loss was recorded as a reduction in goodwill. The primary factor for the impairment included a rise in the discount rate as compared to the prior year, along with a delay in expected cash flows in the forecast. The increased discount rate relates to increases in the forecast risk for the BioStrand CGU, increased economic risk, and increased global interest rates as compared to the prior year.

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10. CONVERTIBLE DEBENTURES

On May 15, 2020, the Company closed a non-brokered private placement financing by issuing 10% convertible debentures (“New Debentures”) for total proceeds of \$2.59 million. On May 27, 2020, the Company issued an additional \$0.04 million of the 10% New Debentures. In total, the Company issued \$2.6 million of the New Debentures. The New Debentures are unsecured, bear interest at a rate of 10% per year and payable at maturity. The maturity date is May 15, 2022 for \$2.59 million of the New Debentures and May 22, 2022 for \$0.04 million of the New Debentures. The principal amount of the New Debentures may be convertible, at the option of the holder, into units of the Company at a conversion price of \$4.25 per share. The Company may force convert the principal amount of the New Debentures at \$4.25 per share if the average closing price is equal to or greater than \$7.50 for 20 trading days.

The fair value of the New Debentures at the time of issue was calculated as the discounted cash flows assuming a 15% effective interest rate. The fair value of the equity component was determined at the time of issue as the difference between the face value and the fair value of the New Debentures. On initial recognition, the Company bifurcated \$2.4 million to the carrying value of the New Debentures and \$0.2 million to the equity component.

Under the financing, the Company paid finder’s cash commissions totaling \$0.08 million and incurred legal and filing fees of \$0.03 million. The transaction costs were allocated pro-rata based on the carrying values of the New Debentures and the equity component, with \$0.1 million allocated to the New Debentures and \$0.01 million allocated to the equity component.

The changes in the value of the New Debentures during the years ended April 30, 2023 and 2022 are as follows:

	Liability Component	Equity Component
<i>(in thousands)</i>	\$	\$
Balance, April 30, 2021	1,531	127
Accretion expense	85	—
Conversion to shares	(304)	(24)
Balance, April 30, 2022	1,312	103
Accretion expense	3	—
Conversion to shares	(1,315)	(103)
Balance, April 30, 2023	—	—

11. LEASES

The Company has leases for lab and office space, automobiles and one item of lab equipment. Each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. The Company classifies right-of-use assets in a consistent manner to its property and equipment. The following is a schedule of the Company’s future minimum lease payments related to the equipment and automobiles under finance lease and the office lease obligation:

<i>(in thousands)</i>	\$
2024	1,548
2025	1,033
2026	993
2027	989
2028	983
More than 5 years	3,849
Total minimum lease payments	9,395
Less: imputed interest	(2,128)
Total present value of minimum lease payments	7,267
Less: Current portion	(1,116)
Non-current portion	6,151

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Total cash outflow for leases during the year ended April 30, 2023 was \$1.3 million (2022 - \$1.0 million).

The nature of the Company's leases by type of right-of-use asset as at April 30, 2023 is as follows:

Right-of-use asset type	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Lab and office facilities	4	0.5 - 9 years	3 years	4	—	3	2
Automobiles	6	1.5 - 4 years	2 years	—	—	6	6

Right-of-use assets

The Company reviews long-lived assets with finite useful lives for impairment whenever circumstances indicate that the carrying amount of the asset may not be recoverable. During the year ended April 30, 2022, a significant change in the planned use of a right-of-use asset related to leased office space indicated possible impairment of the asset. Due to the nature of the leased space, the Company determined the recoverable amount to be nominal, and recorded an impairment charge of \$0.2 million in general & administrative expense, the full carrying value of the asset.

During the year ended April 30, 2023, the Company recorded a right-of-use asset of \$6.2 million upon commencement of a new lease at the Utrecht, the Netherlands location. The lease includes an initial term of five years, and a renewal option for an additional five years. The Company has determined that it is reasonably certain to exercise the renewal option.

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The changes in the value of right-of-use assets during the years ended April 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	Building \$	Automobile \$	Lab Equipment \$	Total \$
Cost:				
Balance, April 30, 2021	2,730	94	623	3,447
Additions	311	1	—	312
Acquisition of BioStrand	69	152	—	221
Lease modification	(22)	—	—	(22)
Loss on impairment	(369)	—	—	(369)
Foreign exchange	(133)	(8)	28	(113)
Balance, April 30, 2022	2,586	239	651	3,476
Additions	7,593	—	—	7,593
Disposals	(1,290)	(95)	(687)	(2,072)
Foreign exchange	196	23	36	255
Balance, April 30, 2023	9,085	167	—	9,252
Accumulated Depreciation:				
Balance, April 30, 2021	1,334	27	220	1,581
Depreciation	698	23	224	945
Loss on impairment	(196)	—	—	(196)
Foreign exchange	(100)	(4)	16	(88)
Balance, April 30, 2022	1,736	46	460	2,242
Depreciation	1,109	58	198	1,365
Disposals	(1,274)	(57)	(507)	(1,838)
Foreign exchange	181	10	(151)	40
Balance, April 30, 2023	1,752	57	—	1,809
Net Book Value:				
April 30, 2022	850	193	191	1,234
April 30, 2023	7,333	110	—	7,443

Lease payments not recognized as a liability

The Company has elected not to recognize a lease liability for leases with an expected term of 12 months or less. Additionally, certain variable lease payments are not permitted to be recognized as lease liabilities and are recognized in profit and loss as incurred. The expense relating to payments not included in the measurement of the lease liability during the years ended April 30, 2023 and 2022 are as follows:

<i>(in thousands)</i>	2023 \$	2022 \$
Leases of low value assets	40	32
Variable lease payments	215	136
	255	168

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12. SHARE CAPITAL

a) Authorized:

Unlimited common shares without par value.

b) Share capital transactions:

2022 Transactions

On May 3, 2021, the Company issued 41,488 common shares pursuant to the final deferred payment for the acquisition of IPA Europe. The common shares were valued at \$0.5 million.

On April 13, 2022, the Company issued 4,077,774 common shares pursuant to the acquisition of BioStrand (Note 6). The common shares were valued at \$29.1 million.

During the year ended April 30, 2022, the Company issued 188,000 common shares pursuant to the exercise of stock options for total gross proceeds of \$0.6 million. A value of \$0.4 million was transferred from contributed surplus to share capital as a result. The weighted average share price at the dates the stock options were exercised was \$7.95.

During the year ended April 30, 2022, the Company issued 925,076 common shares pursuant to the exercise of warrants and finder's warrants for total gross proceeds of \$3.2 million. A value of \$0.3 million was transferred from contributed surplus to share capital as a result.

During the year ended April 30, 2022, the Company issued 75,292 common shares with a value of \$0.3 million pursuant to the conversion of \$0.3 million principal balance of convertible debentures.

2023 Transactions

During the year ended April 30, 2023, the Company issued 263,537 common shares pursuant to the exercise of stock options for total gross proceeds of \$0.7 million. A value of \$0.8 million was transferred from contributed surplus to share capital as a result. The weighted average share price at the dates the stock options were exercised was US \$4.50.

During the year ended April 30, 2023, the Company issued 309,877 common shares with a value of \$1.3 million pursuant to the conversion of \$1.3 million principal balance of convertible debentures.

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c) Options

The following table summarizes stock option awards during the years ended April 30, 2023 and 2022, including the fair value determined using the Black-Scholes option pricing model:

Grant date	Stock options granted	Exercisable price/option \$	Awarded to	Share price on grant date \$	Dividend yield	Expected volatility	Risk-free rate	Expected life	Fair value
May 9, 2021 ⁽³⁾	10,000	7.72 ⁽⁷⁾	Strategic Board Members	9.42	0%	78%	0.70%	5.0 years	\$0.06 million
June 13, 2021 ⁽⁴⁾	43,750	7.14 ⁽⁷⁾	Consultant	8.63	0%	78%	0.71%	3.0 years	\$0.2 million
August 7, 2021 ⁽²⁾	45,000	9.19	Employees	9.19	0%	79%	0.80%	5.0 years	\$0.3 million
January 2, 2022 ⁽¹⁾	28,250	6.89	Directors	6.89	0%	77%	1.18%	4.0 years	\$0.1 million
January 7, 2022 ⁽²⁾	225,000	7.94	Officers and employees	7.94	0%	77%	1.42%	5.0 years	\$1.1 million
January 7, 2022 ⁽²⁾	113,000	7.94	Employees	7.94	0%	77%	1.42%	4.7 years	\$0.5 million
January 13, 2022 ⁽⁵⁾	15,000	8.30	Officer	8.30	0%	77%	1.43%	1.0 years	\$0.04 million
January 13, 2022 ⁽²⁾	24,000	8.30	Employees	8.30	0%	77%	1.43%	4.7 years	\$0.1 million
March 11, 2022 ⁽⁶⁾	25,000	6.35	Consultant	4.67	0%	76%	1.77%	2.0 years	\$0.03 million
May 15, 2022 ⁽²⁾	80,000	5.79	Employees	3.79	0%	77%	2.73%	5.0 years	\$0.3 million
February 19, 2023 ⁽¹⁾	29,060	4.10 ⁽⁷⁾	Directors	4.10 ⁽⁷⁾	0%	77%	3.57%	4.0 years	\$0.1 million
February 19, 2023 ⁽²⁾	609,452	4.10 ⁽⁷⁾	Officers and employees	4.10 ⁽⁷⁾	0%	77%	3.57%	5.0 years	\$2.2 million

- (1) Vesting conditions are as follows: one-quarter 3 months after grant date; one-quarter 6 months after grant date; one-quarter 9 months after grant date; and one-quarter 12 months after grant date.
- (2) Vesting conditions are as follows: one-third 6 months after grant date; one-third 12 months after grant date; and one-third 18 months after grant date.
- (3) Vesting conditions are as follows: one-third one year after grant date; one-third two years after grant date; and one-third three years after grant date.
- (4) The option vested immediately.
- (5) Vesting conditions are as follows: one-third 2 months after grant date; one-third 4 months after grant date; and one-third 6 months after grant date.
- (6) Vesting conditions are as follows: one-half 3 months after grant date; one-half 6 months after grant date.
- (7) Priced in US dollars

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Expected volatility of options granted is based on the historical volatility of the company from January 1, 2019 to the option grant date.

During the year ended April 30, 2023, the Company has recorded \$1.9 million (2022 - \$3.1 million) of share-based payments expense.

The changes in the stock options for the years ended April 30, 2023 and 2022 are as follows:

	Number of options #	Weighted average exercise price \$	Weighted average life remaining (years)
Balance, April 30, 2021 (outstanding)	1,358,900	7.93	3.11
Granted	529,000	7.98	—
Exercised	(188,000)	3.26	—
Expired	(60,250)	10.75	—
Forfeited	(15,500)	20.30	—
Balance, April 30, 2022 (outstanding)	1,624,150	8.29	2.88
Granted	718,512	5.58	—
Exercised	(318,725)	3.27	—
Expired	(115,174)	9.35	—
Forfeited	(24,335)	9.45	—
Balance, April 30, 2023 (outstanding)	1,884,428	8.03	3.27
Unvested	(813,845)	5.95	4.55
Exercisable, April 30, 2023	1,070,583	9.61	2.30

Details of the options outstanding as at April 30, 2023 are as follows:

Expiry Date	Exercise price \$	Remaining life (year)	Options outstanding	Unvested	Exercisable
September 24, 2023	4.75	0.40	19,000	-	19,000
November 7, 2023	4.10	0.52	20,000	-	20,000
December 31, 2023	5.00	0.67	180,000	-	180,000
January 11, 2024	5.00	0.70	60,000	-	60,000
September 1, 2025	8.50	2.34	250,000	-	250,000
January 6, 2026	20.30	2.69	210,000	-	210,000
May 9, 2026 ⁽¹⁾	10.46	3.03	10,000	6,667	3,333
January 2, 2026	6.89	2.68	28,250	-	28,250
January 7, 2027	7.94	3.69	332,666	110,000	222,666
January 7, 2027	8.30	3.71	31,000	5,333	25,667
February 22, 2024	6.35	0.82	25,000	-	25,000
May 15, 2027	5.79	4.04	80,000	53,333	26,667
February 19, 2027 ⁽²⁾	5.55	3.81	29,060	29,060	-
February 19, 2028 ⁽²⁾	5.55	4.81	609,452	609,452	-
	8.03	3.27	1,884,428	813,845	1,070,583

(1) Exercise price of US \$7.72. The figure in the table above is translated at the April 30, 2023 rate.

(2) Exercise price of US \$4.10. The figure in the table above is translated at the April 30, 2023 rate.

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d) Warrants

The changes in the warrants for the years ended April 30, 2023 and 2022 are as follows:

	Number of warrants #	Weighted average exercise price \$	Weighted average life remaining (years)
Balance, April 30, 2021	878,300	3.50	0.90
Exercised	(878,300)	3.50	—
Balance, April 30, 2023 and 2022	—	—	—

d) Finder's Warrants

The changes in the finder's warrants for the years ended April 30, 2023 and 2022 are as follows:

	Number of warrants #	Weighted average exercise price \$	Weighted average life remaining (years)
Balance, April 30, 2021	176,888	16.12	3.75
Exercised	(46,777)	3.50	—
Balance, April 30, 2022	130,111	21.59	3.77
Exercised	—	—	—
Balance, April 30, 2023	130,111	22.77	2.77

Details of the finder's warrants outstanding as at April 30, 2023 are as follows:

Expiry Date	Exercise price \$	Remaining life (year)	Warrants outstanding
February 3, 2026 ⁽¹⁾	22.77	2.77	130,111

(1) Exercise price of US \$16.81. The figure in the table above is translated at the April 30, 2023 rate.

13. EMPLOYEE REMUNERATION

Expenses recognized for employee benefits for the years ended April 30, 2023 and 2022 are detailed below:

	2023 \$	2022 \$
<i>(in thousands)</i>		
Wages, salaries	10,433	8,600
Employee benefits	926	798
Payroll taxes	939	714
Severance	194	8
Share-based payments	1,943	3,083
	14,435	13,203

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14. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management consists of Dr. Jennifer Bath, President and CEO; Brad McConn, CFO; Dr. Stefan Lang, former Chief Business Officer; Dr. Ilse Roodink, Chief Scientific Officer; Lisa Helbling, former Chief Financial Officer, Dr. Yasmina Abdiche, former Chief Scientific Officer; and Directors of the Company. During the years ended April 30, 2023 and 2022, the compensation for key management is as follows:

	2023	2022
<i>(in thousands)</i>	\$	\$
Salaries and other short-term benefits	2,632	2,531
Severance (included in salaries)	183	8
Share-based payments	986	1,388
Director compensation (included in salaries)	335	355
	4,136	4,282

At April 30, 2023, included in accounts payable and accrued liabilities is \$0.9 million (April 30, 2022 - \$0.4 million) due to related parties. The amounts payable are non-interest bearing and unsecured.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity. The capital structure of the Company consists of shareholders' equity of \$60.6 million.

The Company makes adjustments to its capital structure upon approval from its Board of Directors, in light of economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable, restricted cash, investment, accounts payable and accrued liabilities, debentures, loans payable, leases and deferred acquisition payments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 – applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of investment is determined based on "Level 2" inputs as its value under the equity method was the best approximation of its fair value. As at April 30, 2023, the Company believes the carrying values of cash, amounts receivable, restricted cash, accounts payable and accrued liabilities, leases and deferred acquisition payments approximate their fair values because of their nature and relatively short maturity dates or durations.

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Concentration of risk:

Concentrations of credit risk

Credit risk relates to cash, restricted cash and amounts receivable and arises from the possibility that counterparty to an instrument may fail to perform. At April 30, 2023, all of the Company's cash was held with tier one banks. Details of amounts receivable and allowances for doubtful accounts as at April 30, 2023 and 2022 are as follows:

	2023	2022
<i>(in thousands)</i>	\$	\$
Amounts receivable	3,280	2,539
Allowance for doubtful accounts	(33)	(36)
Amounts receivable, net	3,247	2,503

Currency risk

The Company operates in the US and Europe which gives rise to exposure to market risks from changes in foreign currency values. Most significantly, the Company is exposed to potential currency fluctuations between US and Canadian dollars, which was translated at 1.3548 at April 30, 2023, and the Euro and Canadian dollar, which was translated at 1.4933 at April 30, 2023. Fluctuations in the exchange rate could impact profitability.

At April 30, 2023, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Euros:

	Euros	US Dollars
<i>(in thousands)</i>	(€)	(US \$)
Cash	2,465	2,193
Amounts receivable	1,236	679
Investment	82	—
	3,783	2,872
Accounts payable and accrued liabilities	(867)	(1,700)
Deferred acquisition payments	(336)	—
Leases	(664)	(70)
	(1,867)	(1,770)
Net	1,916	1,102

Liquidity risk:

The Company's approach to managing its obligations is to maintain sufficient resources to meet its obligations when due without undue risk to the Company. The Company monitors its cash requirements on an ongoing basis to ensure that there are sufficient resources for operations as well as to fund anticipated leasing, capital and development expenditures. In addition, the Company manages its cash to meet its obligations and to fund general and administrative costs.

Contractual cash flow requirements as at April 30, 2023 were as follows:

	< 1 year	1 - 2 years	2 - 5 years	>5 years	Total
<i>(in thousands)</i>	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	3,386	—	—	—	3,386
Leases	1,548	1,033	2,965	3,849	9,395
Total	4,934	1,033	2,965	3,849	12,781

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17. INVENTORIES

Inventories as at April 30, 2023 and 2022 consist of the following:

	2023	2022
<i>(in thousands)</i>	\$	\$
Supplies and parts	1,344	1,418
Antibodies	206	197
Work in process	510	—
	2,060	1,615

18. COMMITMENTS

The Company entered into a lease agreement for a new facility for its Oss, the Netherlands location on October 16, 2021. The lease will have a five-year term with an optional five-year extension, and is estimated to commence January 1, 2024 at an estimated annual cost of €0.5 million indexed for inflation.

The share purchase agreement related to the acquisition of BioStrand includes contingent earnout payments based on 20% of the EBITDA of BioStrand, as defined in the share purchase agreement, over a 7-year period, which shall not exceed in total €12.0 million. The Company has determined these payments relate to post-acquisition services because they are contingent on the employment of two key employees and will be expensed in the period earned. As of April 30, 2023, the Company's unpaid commitment related to the BioStrand earnout is €12.0 million.

19. GRANT AND SUBSIDY INCOME

During May 2022, the Company received a €0.5 million round of grant funding from VLAIO (Flanders Innovation & Entrepreneurship), the research fund of the Flemish regional government in Belgium. The Company received the first disbursement of €0.2 million during the three months ended July 31, 2022.

20. SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

At April 30, 2023 and April 30, 2022, the Company has one reportable segment, being antibody production and related services.

The Company's revenues are allocated to geographic regions for the year ended April 30, 2023 and 2022 as follows:

	Years ended	
	April 30,	
	2023	2022
<i>(in thousands)</i>	\$	\$
United States of America	9,365	6,816
Europe	9,450	9,429
Canada	618	572
Australia	630	1,540
Other	602	1,007
	20,665	19,364

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The Company's revenues are allocated according to revenue types for the year ended April 30, 2023 and 2022 as follows:

	2023	Years ended April 30, 2022
<i>(in thousands)</i>	\$	\$
Project revenue	18,677	17,356
Product sales revenue	1,747	1,652
Cryostorage revenue	241	356
	20,665	19,364

As at April 30, 2023, all deferred revenue is expected to be recognized over the next twelve months.

The Company's non-current assets are allocated to geographic regions as of April 30, 2023 and 2022 as follows:

	April 30, 2023	April 30, 2022
	\$	\$
North America - Corporate	89	76
North America	1,025	1,481
Belgium	40,406	41,355
Netherlands	19,501	13,265
	61,021	56,177

Geographic segmentation of the Company's net income (loss) for the year ended April 30, 2023 and 2022 is as follows:

	2023	Years ended April 30, 2022
<i>(in thousands)</i>	\$	\$
North America - Corporate	(8,422)	(9,340)
North America	(12,601)	(11,424)
Belgium	(7,024)	(215)
Netherlands	1,487	4,270
	(26,560)	(16,709)

Geographic segmentation of the interest and accretion, and amortization and depreciation for the year ended April 30, 2023 and 2022 is as follows:

	2023	Years ended April 30, 2022
Interest and accretion <i>(in thousands)</i>	\$	\$
North America - Corporate	39	258
North America	19	51
Belgium	20	3
Netherlands	318	107
	396	419

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		Years ended April 30,
Amortization and depreciation	2023	2022
<i>(in thousands)</i>	\$	\$
North America - Corporate	14	56
North America	720	778
Belgium	2,543	—
Netherlands	3,408	2,935
	6,685	3,769

21. SUPPLEMENTAL CASH FLOW INFORMATION

	April 30,	April 30,
Non-cash investing and financing transactions	2023	2022
<i>(in thousands)</i>	\$	\$
Acquisition of building and equipment by lease	7,593	312
Settlement of convertible debentures	1,315	304
Fair value of shares issued pursuant to deferred acquisition payment to IPA Europe	—	503

The following changes in liabilities arose from financing activities:

	Non-cash changes						
	April 30,	Cash Flows	Acquisition	Settlement	Accretion	Foreign exchange movements and change in estimates	April 30,
<i>(in thousands)</i>	\$	\$	\$	\$	\$	\$	\$
Deferred acquisition payments	1,237	(592)	—	—	27	(23)	649
Convertible debentures	1,312	—	—	(1,315)	3	—	—
Leases	1,455	(1,337)	7,593	—	—	(444)	7,267
Total	4,004	(1,929)	7,593	(1,315)	30	(467)	7,916

	Non-cash changes						
	April 30,	Cash Flows	Acquisition	Debt forgiven / Settlement / Disposal	Accretion	Foreign exchange movements and change in estimates	April 30,
<i>(in thousands)</i>	\$	\$	\$	\$	\$	\$	\$
Deferred acquisition payments	498	—	1,248	(503)	—	(6)	1,237
Convertible debentures	1,531	—	—	(304)	85	—	1,312
Leases	1,926	(962)	533	—	—	(42)	1,455
Total	3,955	(962)	1,781	(807)	85	(48)	4,004

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22. INCOME TAX

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 27% (2021 – 27%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

	2023	2022
	\$	\$
Earnings (loss) before income taxes	(27,752)	(15,848)
Income taxes (recovery) on earnings before income taxes, at above basic rate	(7,493)	(3,627)
Increase (decrease) in taxes resulting from:		
Nondeductible expenses	8	322
Estimated SR&ED ITC	(198)	—
Effects of tax rate change and foreign exchange	209	12
Deferred income tax asset recognized	—	(138)
Tax rate difference by jurisdiction	948	(359)
Tax benefits not recognized	4,885	4,651
Impairment loss	602	—
Prior year tax assessments and adjustments	(420)	—
Other	267	—
Income taxes (recovery)	(1,192)	861
	2023	2022
	\$	\$
Current income taxes	(242)	1,390
Deferred income taxes (recovery)	(950)	(529)
Income taxes (recovery)	(1,192)	861

Temporary differences give rise to the following deferred income tax assets and liabilities:

	2023	2022
	\$	\$
Other tax pools	31	(20)
Capital assets net of lease liabilities	(61)	8
Inventory and intangible assets	(7,631)	(8,093)
Recognized deferred income tax liabilities	(7,661)	(8,105)
	2023	2022
	\$	\$
Non-capital losses carried forward (expire from 2026 to 2039)	9,930	10,514
Other tax pools	—	1,373
Capital losses carried forward	295	194
Capital assets net of lease liabilities	20	13
Financing costs	746	979
Less: unrecognized deferred income tax asset	(10,991)	(13,073)
Unrecognized deferred income tax liabilities	—	—

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23. SUBSEQUENT EVENTS

Subsequent to April 30, 2023, the Company entered into a lease agreement for its Victoria location. The lease is estimated to commence during the three months ended July 31, 2023, at an estimated annual cost of \$0.4 million when payments begin on January 1, 2024.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Immunoprecise Antibodies Ltd. ("the Company", "Immunoprecise" or "IPA") for the year ended April 30, 2023. This MD&A is the responsibility of management and was reviewed and approved by the Board of Directors of IPA on July 6, 2023.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC") guidance as issued by the International Accounting Standards Board ("IASB"). Except as otherwise noted, all dollar figures in this MD&A are stated in Canadian dollars, which is the Company's reporting currency.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

This document contains forward-looking statements about IPA's future outlook, future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which IPA is a party, product development, future revenue growth, research and development initiatives, and general market trends and developments. These statements, which involve expectations, estimates, and projections, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond IPA's control.

The forward-looking statements are based on certain assumptions, including the progress, timing, and costs related to the execution of IPA's business plan and strategy; estimates and projections regarding the industry in which IPA operates; the future success of research and development activities, including the advancement of IPA's AI technologies, the LENS^{ai} software, and HYFT technology. Assumptions are also made on the absence of material changes in various areas such as regulatory environment, general business and economic conditions, market demand for IPA's services, competitive landscape, and technological disruptions. Furthermore, the statements take into account estimates regarding future financing and capital.

The success of IPA's AI technologies is subject to inherent uncertainties of technology development and implementation, including the complexity of tasks the AI is being developed to perform, potential technical difficulties, the necessity for continuous adaptation to new scientific findings and data, and regulatory and ethical considerations. Furthermore, the potential for IPA's AI technologies to generate revenues is contingent upon market acceptance, development of commercially viable applications, and establishment of successful business models.

Forward-looking statements inherently carry risks and uncertainties that could cause actual outcomes and results to differ materially from current expectations. Thus, these statements should be approached with caution, and undue reliance on them should be avoided. Some of these risks and uncertainties are outlined in the 'RISKS AND UNCERTAINTIES' section of this MD&A. It is important to note that forward-looking statements are not assurances of future performance. As actual results and future events could vary significantly from those anticipated in these statements, they should not be taken as accurate predictions. Despite the potential updates or revisions of forward-looking statements due to new information or future events, IPA is under no obligation to make these changes unless required by law. These cautionary notes serve to qualify all forward-looking statements contained in this MD&A explicitly.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023

GENERAL

Founded on November 22, 1983, and incorporated under Alberta law, IPA's common shares ("Common Shares") currently trade on the Nasdaq Global Market under the ticker symbol "IPA". As of November 25, 2022, the Company made a strategic decision to voluntarily delist the Common Shares from the TSX Venture Exchange (TSXV). The corporate headquarters of IPA is situated at 3204 - 4464 Markham Street, Victoria, BC V8Z 7X8.

OVERVIEW

Integrated within ImmunoPrecise Antibodies Ltd.'s wet lab infrastructure is a diverse array of *in silico* technologies. These state-of-the-art computational methodologies allow the company to perform detailed and comprehensive evaluations across various stages of biologic discovery and development. The synergy between ImmunoPrecise's *in silico* analyses and wet lab procedures enhances the efficacy of the workflow, thereby offering a unique value proposition to its partners. This strategic integration underscores ImmunoPrecise's commitment to innovative solutions, driving not only operational efficiency but also pioneering advancements in the field with each fiscal year.

Services

IPA is a leading biotherapeutic research and technology firm, distinguished by its proficiency in both *in silico* and wet lab methodologies. At the intersection of systems biology, multi-omics modeling, and complex artificial intelligence systems, the company has carved out a unique space within the field. The core of the company's operations encompasses a diverse suite of proprietary technologies that aid in the exploration, discovery, and development of novel drugs and biologics.

The breadth of services provided by ImmunoPrecise unfolds sequentially in alignment with the process of antibody discovery and development. Starting from the *in silico* arena, the company utilizes custom antigen modeling, target analysis using Natural Language Processing ("NLP"), and the patented HYFT analysis to lay the groundwork for the subsequent experimental phases.

As the projects transition into the wet lab phase, ImmunoPrecise's capabilities diversify, offering an array of services such as design and manufacturing, B cell sorting incorporating IPA's proprietary Function First B Cell screening and sequencing, and the production and screening of custom, immune, and proprietary naïve phage display libraries. IPA's wet lab antibody discovery technologies are compatible with in-depth mining of antibody repertoires by next generation sequencing ("NGS") and computational analysis. The Company's hybridoma discovery and production services, enhanced by multiplexed high-throughput screening and single clone-picking, complement the expertise it possesses with transgenic animals and multi-species antibody discovery.

The Company then steps into antibody characterization studies, which encompass affinity measurements, epitope landscape profiling, functional assays, and *in silico* analyses including immunogenicity, three-dimensional modeling, relative affinity rankings, molecular docking, and off-target analyses. Additional services include the creation of bi-specifics, single domain (such as VHH and VNAR (shark)) antibodies, recombinant cloning, protein and antibody production and downstream processing, stable cell line generation, antibody engineering, optimization including humanization, and cryopreservation and cryostorage.

ImmunoPrecise's wholly-owned subsidiaries, IPA Canada and IPA Europe, have received recognition as approved Contract Research Organizations ("CROs") for top-tier transgenic animal platforms producing antibodies with human antigen binding domains, along with protein manufacturing. The subsidiaries also form a critical component of the Company's R&D investments, promoting the development of proprietary technologies like B cell Select® and DeepDisplay™ platforms, applicable across a wide array of species and strains, including transgenic animals.



IMMUNOPRECISE ANTIBODIES LTD.

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

Operations of the Company

IPA is a global operation with a presence in Utrecht and Oss in the Netherlands, Dienpenbeek in Belgium, Victoria, British Columbia, in Canada and Fargo, North Dakota in the United States. This broad reach enables IPA to tap into thriving locations that strongly support the life sciences industry and the development of artificial intelligence.

The Company's leadership, spanning North America and Europe, holds global responsibility for financial and accounting oversight, sales and marketing, investor relations, and information technology. An enterprise resource management system aids in automating marketing and sales, enhancing customer relationship management, and simplifying accounting, financial reporting, and project management tasks.

The Company's head office is in Victoria, British Columbia, and the base for U.S. operations is in Fargo, North Dakota.

IPA Canada operates from Victoria, British Columbia (Canada), performing custom antibody generation since its inception. The Company has recently completed the expansion of its vivarium in Victoria while simultaneously intensifying its capabilities in measuring protein binding kinetics and high-throughput label-free protein-protein interactions, enlarging the vivarium, and further developing and improving technologies such as its B cell Select[®] platform.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

The acquisition of U-Protein Express B.V. ("UPE") and ModiQuest Research B.V. ("MQR"), now collectively named IPA Europe, has deepened the Company's technological competence, and expanded its capabilities for partners worldwide. The team from MQR in Oss brings extensive expertise in various areas, including *in vitro* antibody phage library generation, antibody characterization, optimization, and engineering. The UPE team in Utrecht specializes in the production of complex proteins and antibodies, supporting numerous programs across various sectors using their proprietary expression platform rPEx®.

On April 14, 2022, the Company successfully acquired BioStrand BV, BioKey BV, and BioClue BV, a group of innovative artificial intelligence entities based in Belgium. These entities are leaders in the field of multi-omics and *in silico* biotechnology, specializing in the intricate task of identifying unique biological fingerprints within proteins, RNA, and DNA across multiple information layers, giving rise to unprecedented insights into biological molecules, including intricate relationships between protein structure and function. They have constructed a comprehensive knowledge base of these distinctive biological markers, which serves as a significant tool for their comparison and processing. This strategic acquisition further bolsters the Company's standing in the rapidly advancing fields of multi-omics and *in silico* antibody discovery and development.

The Company continues to broaden its intellectual property portfolio in additional, meaningful ways, including internal R&D, acquisitions, and collaborations. There is also an emphasis on therapeutic antibody asset development in areas such as oncology, inflammation, neurodegenerative diseases, autoimmunity, and atherosclerosis.

STRATEGY AND OUTLOOK

The management team at IPA places a strong emphasis on initiatives designed to increase revenue, enhance internal assets, and maximize shareholder value. Central to our mission is the aspiration to fundamentally transform the approach to biotherapeutic discovery and development. By integrating our advanced artificial intelligence (AI)-driven software, LENS^{ai}, we aim to introduce a new paradigm that underscores accuracy, precision, speed, cost-effectiveness, and energy efficiency, thereby changing how the world processes complex and disparate data.

One core component of our strategy is the integration of LENS^{ai} and its AI and *in silico* capabilities into our services. Through LENS^{ai}, we are enhancing the precision of our *in silico* capabilities, which subsequently complement our traditional wet lab services.

Our goal is to remain a preferred partner for therapeutic antibody researchers, providing an integrated, data-driven, technologically advanced continuum of services. We are working towards accelerating the transition of novel therapies from the lab to the clinic by providing a bridge between *in silico* predictions and wet lab validations. Our *in silico* tools, powered by LENS^{ai}, can predict potential targets and functional outcomes, and provide iterative feedback from our wet lab experiments designed to refine these predictions and improve the accuracy of our AI models.

In 2022, to accommodate operational growth, we relocated our Utrecht facility to larger premises within the Utrecht Science Park, which resulted in a doubling of our lab capacity. This strategic move was driven by the need to meet increasing market demands in Europe, North America, and Asia.

Pharmaceutical industry trends suggest an increasing reliance on external partners like IPA for expertise, cost-effectiveness, and rapid turnaround times. As a service provider with both wet lab and AI-driven *in silico* capabilities, management believes they align well with these industry needs.

The monoclonal antibody market is experiencing growth, with an increasing focus on antibody R&D in response to the rising incidence of cancer, infectious diseases, and chronic diseases. The therapeutic antibody market, valued at US\$115 billion in 2018 according to a study published in the Journal of Biomedical Science in January 2020, is projected to reach US\$300 billion by 2025. According to *GrandViewResearch.com*, the protein and antibody-related service and product market is predicted to grow at a CAGR of 6.2% to US\$5.6 billion by 2027.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

IPA is not simply adapting to market trends but is attempting to actively set new standards and demonstrate novel capabilities. IPA considers itself leaders in the field of AI-integrated biotherapeutics research. The Company's unique blend of AI-driven *in silico* capabilities and traditional wet lab services guides our innovation.

AI for Drug Discovery

The initial stage of the drug discovery process involves identifying a novel drug candidate and its therapeutic target. In the context of antibody discovery, this phase involves leveraging artificial intelligence (AI) to speed up the process of identifying and designing new antibodies. The AI platform employs machine learning and other AI methodologies to analyze vast amounts of data related to antibodies, yielding insights into their structure, function, and intermolecular interactions. Potential drug candidates or novel drug targets are evaluated based on parameters such as efficacy, potency, bioavailability, and toxicity.

Artificial intelligence is increasingly becoming a crucial tool in the healthcare industry, especially in the area of drug research. AI technology has the capability to identify therapeutic targets and plays a critical role in the design, discovery, and efficient screening of molecules. According to a 2022 report by ReportLinker, the global AI in Drug Discovery Market, valued at USD 253.8 million in 2019, is projected to reach USD 3,932.87 million by 2030, growing at a CAGR of 40.8 % from 2020 to 2030. This growth is attributed to the ability of AI to understand disease mechanisms, establish biomarkers, and generate data or models for the drug discovery process.

Our acquisition of BioStrand in April 2022 marked a significant advancement for the organization. BioStrand has developed a universal solution and technology designed to work across all species, sequencing machines, and application domains. The transition from traditional bioinformatics algorithms to indexing, exact matching, and pattern recognition has facilitated ultra-scalability, high-speed analysis of large datasets, and maintained high accuracy.

The Company's AI-driven software, LENS^{ai}, takes advantage of this technology. It enables us to extract the potential from data, discover connections between data, and pull new and valuable information from existing data. Furthermore, BioStrand's HYFT™ framework converts unstructured data into structured data, allowing for default feature reduction and efficient downstream analysis using advanced AI/ML techniques. The HYFT™ fingerprints create a link between sequences and literature analysis through a bottom-up Natural Language Processing approach, providing a universal syntax for the language of biology. This proprietary pattern and profile detection is crucial for understanding diseases and biological processes.

BioStrand's HYFT™ framework makes all accessible biological data rapidly computable. The technology developed by BioStrand offers a solution for "omics" (DNA, RNA, amino acids) data management, analysis, and storage, effectively addressing the current challenges and bottlenecks in bioinformatics. The integration of this technology with the LENS^{ai} platform results in an incredibly efficient system for managing and analyzing omics data. This combination of technologies is capable of processing huge tasks at high speed and scale, all while maintaining a light computational footprint.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

SELECTED ANNUAL INFORMATION (expressed in Canadian Dollars)

The following is a summary of certain selected financial information of the Company for the years ended April 30, 2023, 2022, and 2021.

<i>(in thousands)</i>	2023	2022	2021
Total	\$	\$	\$
Revenue	20,665	19,364	17,912
Cost of sales	(9,102)	(8,381)	(6,374)
Expenses	(40,144)	(27,731)	(19,137)
Net loss	(26,560)	(16,709)	(7,340)
Total assets	77,813	93,647	66,959
Total liabilities	(20,010)	(18,362)	(10,035)
Dividends declared	—	—	—
Loss per share	(1.07)	(0.85)	(0.45)

OVERALL PERFORMANCE AND LIQUIDITY

The Company achieved revenues of \$20.7 million during the year ended April 30, 2023, a 6.7% (9.0% adjusting for the effects of currency translation) increase from revenues during the year ended April 30, 2022 of \$19.4 million. The Company incurred total expenses of \$40.1 million during the year ended April 30, 2023, an increase of \$12.4 million compared to the year ended April 30, 2022. Net loss totaled \$26.6 million and \$16.7 million for the years ended April 30, 2023 and 2022.

As of April 30, 2023, the Company had cash on hand of \$8.4 million compared to \$30.0 million as of April 30, 2022. The Company expects its cash on hand as of April 30, 2023 will be insufficient to fund the Company's operations for at least one year from the date these financial statements are available to be issued. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain financing necessary to fund its planned revenue growth and working capital requirements.

The Company will need to raise additional funds to finance its operations and strategic goals and there can be no assurances that sufficient funding, including adequate financing, will be available. The ability of the Company to arrange additional financing in the future depends in part on the prevailing capital market conditions and profitability of its operations. If the Company is unable to raise sufficient funds, reductions in expenditures will be required, and this may impact the future growth plans of the Company.

RESULTS OF OPERATIONS

Comparison of the years ended April 30, 2023 and 2022

Revenue

	Year Ended April 30,			
<i>(in thousands)</i>	2023	2022	Change	Change
	\$	\$	\$	%
Project revenue	18,677	17,356	1,321	7.6%
Product sales revenue	1,747	1,652	95	5.8%
Cryostorage revenue	241	356	(115)	-32.3%
Total revenue	20,665	19,364	1,301	6.7%



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

The Company achieved revenue of \$20.7 million during the year ended April 30, 2023, a 6.7% increase from the year ended April 30, 2022. Revenue growth from the prior year was 9.0% when adjusting for the effect of currency translations. The increase in revenue was primarily driven by growth in the Company's B cell Select® platform and protein manufacturing services.

Gross Profit

	Year Ended April 30,			
(in thousands)	2023	2022	Change	Change
	\$	\$	\$	%
Gross profit	11,563	10,983	580	5.3%
Gross profit margin	56.0%	56.7%		

Gross profit totaled \$11.6 million during the year ended April 30, 2023, an increase of 5.3% compared to the year ended April 30, 2022, while gross profit margin decreased slightly to 56.0% from 56.7% during the prior year.

Research and development

	Year Ended April 30,			
(in thousands)	2023	2022	Change	Change
	\$	\$	\$	%
Research and development	12,280	7,663	4,617	60.3%

During the year ended April 30, 2023, research and development expenses increased to \$12.3 million from \$7.7 million during the year ended April 30, 2022. Expenditures on research activities totaled \$10.8 million during the year ended April 30, 2023 (2022 - \$6.7 million), including \$8.3 million on Talem's PolyTope® antibody combination therapy. Additional expenditures include compensation expense of \$1.2 million (2022 - \$0.7 million), and depreciation of \$0.2 million (2022 - \$0.2 million).

Sales and marketing

	Year Ended April 30,			
(in thousands)	2023	2022	Change	Change
	\$	\$	\$	%
Sales and marketing	3,608	2,678	930	34.7%



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

Sales and marketing expenses totaled \$3.6 million during the year ended April 30, 2023, compared to \$2.7 million during the year ended April 30, 2022. Expenditures during the year ended April 30, 2023 include \$2.5 million in compensation expense (2022 - \$2.1 million), \$0.7 million in advertising costs (2022 - \$0.5 million), and \$0.2 million in travel costs (2022 - \$0.03 million).

General and administrative

	Year Ended April 30,		Change	Change
(in thousands)	2023	2022		%
	\$	\$	\$	
General and administrative	19,812	15,377	4,435	28.8%

During the year ended April 30, 2023, general and administrative expenses totaled \$19.8 million, an increase of \$4.4 million compared to the year ended April 30, 2022. Salaries and benefits increased \$2.1 million due primarily to the addition of staff at BioStrand and routine annual pay increases. Professional fees decreased \$0.2 million, driven primarily by a decrease in legal costs. Management fees increased \$1.3 million due to contracted general managers at the BioStrand site. Share-based payment expenses decreased by \$1.0 million. Additionally, the Company recorded an impairment charge of \$2.5 million related to the BioStrand cash-generating unit. See Note 9 for more information.

Other Income / Expense

	Year Ended April 30,		Change
(in thousands)	2023	2022	
	\$	\$	\$
Accretion	(30)	(85)	55
Grant and subsidy income	332	75	257
Interest and other income	270	279	(9)
Unrealized foreign exchange gain	227	631	(404)
Total other income	799	900	(101)

The Company recorded other income of \$0.8 during the year ended April 30, 2023, compared to other income of \$0.9 million during the year ended April 30, 2022. The most noteworthy variance is the decrease in unrealized foreign exchange gain of \$0.4 million compared to the year ended April 30, 2022, a result of currency revaluations at the current quarter-end exchange rate. Grant income increased \$0.3 million compared to the year prior, as the Company recorded the first round of grant funding from VLAIO (Flanders Innovation & Entrepreneurship), the research fund of the Flemish regional government in Belgium.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023

FOURTH QUARTER

Comparison of the three months ended April 30, 2023 and 2022

Revenue

	Three Months Ended			
	2023	April 30, 2022	Change	Change
(in thousands)	\$	\$	\$	%
Project revenue	4,860	4,704	156	3.3%
Product sales revenue	693	475	218	45.9%
Cryostorage revenue	68	60	8	13.3%
Total revenue	5,621	5,239	382	7.3%

The Company recorded total revenue of \$5.6 million during the three months ended April 30, 2023, the highest quarterly revenue total the Company has recorded. The growth in revenue represents an increase of \$0.4 million, or 7.3%, compared to the three months ended April 30, 2022. Project revenue growth was driven primarily by increases in the Company's B cell Select® platform and protein manufacturing services.

Gross Profit

	Three Months Ended			
	2023	April 30, 2022	Change	Change
(in thousands)	\$	\$	\$	%
Gross profit	3,341	3,316	25	0.8%
Gross profit margin	59%	63%		

Gross profit totaled \$3.3 million during the three months ended April 30, 2023, an increase of \$0.3 million compared to the three months ended April 30, 2022. Gross profit as a percent of revenue decreased to 60% compared to 63% during the same period last year. The increase in cost of sales is attributable to increased cost of supplies to support growth in revenue.

Research and development

	Three Months Ended			
	2023	April 30, 2022	Change	Change
(in thousands)	\$	\$	\$	%
Research and development	502	1,324	(822)	-62.1%

Research and development expenses totaled \$0.5 million three months ended April 30, 2023, a decrease of \$0.8 million compared to the three months ended April 30, 2022. The decrease is primarily attributable to reduced expenditure related to Talem's PolyTope® antibody combination therapy.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

Sales and marketing

	Three Months Ended April 30,		Change	Change
(in thousands)	2023	2022		
	\$	\$	\$	%
Sales and marketing	934	864	70	8.1%

During the three months ended April 30, 2023, sales and marketing expenses totaled \$0.9 million, compared to \$0.9 million during the three months ended April 30, 2022.

General and administrative

	Three Months Ended April 30,		Change	Change
(in thousands)	2023	2022		
	\$	\$	\$	%
General and administrative	6,663	4,913	1,750	35.6%

General and administrative expense totaled \$6.7 million during the three months ended April 30, 2023, a \$1.8 million increase compared to the three months ended April 30, 2022. Professional fees decreased \$1.4 million, primarily due to a reduction in legal and consulting costs. These costs were higher during the three months ended April 30, 2022 as the Company completed the acquisition of BioStrand. Management fees increased \$0.2 million due to contracted general managers at the BioStrand site. Salaries and benefits including share-based payments increased \$0.8 million, primarily due to additional staff at the BioStrand site. Additionally, the Company recorded an impairment charge of \$2.5 million related to the BioStrand cash-generating unit. See Note 9 for more information.

Other Income / Expense

	Three Months Ended April 30,		Change
(in thousands)	2023	2022	
	\$	\$	\$
Accretion	(27)	(20)	(7)
Grant and subsidy income	26	19	7
Interest and other income	197	109	88
Unrealized foreign exchange gain	(17)	(190)	173
Total other income (expense)	179	(82)	261

The Company recorded other income of \$0.2 million during three months ended April 30, 2023, compared to other expense of \$0.1 million during the three months ended April 30, 2022. The increase is primarily attributable to reduced unrealized foreign exchange loss of \$0.2 million.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023

SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

	Three Months Ended (\$)			
	April 30,	January 31,	October 31,	July 31,
<i>(in thousands, except share data)</i>	2023	2023	2022	2022
Total revenue	5,621	5,171	5,184	4,689
Cost of sales	2,280	2,207	2,405	2,210
Gross profit	3,341	2,964	2,779	2,479
Operating expenses	9,417	7,544	10,603	12,550
Other income (expenses)	179	(15)	347	288
Income taxes	(767)	104	(126)	(403)
Net loss	(5,130)	(4,699)	(7,351)	(9,380)
Basic and diluted loss per share*	(0.20)	(0.19)	(0.30)	(0.38)

	Three Months Ended (\$)			
	April 30,	January 31,	October 31,	July 31,
<i>(in thousands, except share data)</i>	2022	2022	2021	2021
Total revenue	5,239	4,815	4,722	4,588
Cost of sales	1,923	2,229	2,147	2,082
Gross profit	3,316	2,586	2,575	2,506
Operating expenses	7,603	6,893	7,263	5,972
Other income (expenses)	(82)	689	(131)	424
Income taxes	275	208	190	188
Net loss	(4,644)	(3,826)	(5,009)	(3,230)
Basic and diluted loss per share*	(0.22)	(0.20)	(0.26)	(0.17)

*The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants.

Revenue

The Company achieved revenue of \$5.6 million during the three months ended April 30, 2023, an increase of 7.3% compared to the three months ended April 30, 2022. The Company has achieved year-over-year revenue growth for six straight quarters, driven by growth in the Company's B cell Select platform and protein manufacturing services.

Gross Profit

The Company's annual gross profit margins over the previous eight quarters have consistently been in the 53-63% range, which is in line with management's expectation.

Operating Expense

The Company's operating expenses have trended up over the last eight quarters as the Company invested in research and development, completed the BioStrand acquisition, prepared for and completed the Nasdaq listing, and added key leaders and technical employees to the team to aid in executing the Company's strategies.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2023

Operating expenses decreased during the three months ended April 30, 2023, as compared to both the prior quarter and the same quarter during the prior year. In both instances this is primarily attributable to a decrease in legal expenses during the quarter.

Other Income (Expense)

Other income (expense) is primarily influenced by unrealized foreign exchange gains or losses stemming contractual and cash holdings denominated in euros or US dollars. This component can vary from quarter to quarter, transitioning between gains and losses due to fluctuations in foreign currency exchange rates.

During the three months ended July 31, 2022, the Company recorded \$0.2 million in grant income from VLAIO (Flanders Innovation & Entrepreneurship), the research fund of the Flemish regional government in Belgium.

NON-IFRS MEASURES

The following are non-IFRS measures and investors are cautioned not to place undue reliance on them and are urged to read all IFRS accounting disclosures present in the consolidated financial statements and accompanying notes for the year ended April 30, 2023.

The Company uses certain non-IFRS financial measures as supplemental indicators of its financial and operating performance. These non-IFRS financial measures are adjusted EBITDA and adjusted operating expenses. The Company believes these supplementary financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in its business. These non-IFRS measures do not have any standardized meaning prescribed under IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

The Company defines adjusted EBITDA as operating earnings before interest, accretion, taxes, depreciation, amortization, share-based compensation, foreign exchange gain/loss, and asset impairment charges. Adjusted EBITDA is presented on a basis consistent with the Company's internal management reports. The Company discloses adjusted EBITDA to capture the profitability of its business before the impact of items not considered in management's evaluation of operating unit performance. The most directly comparable IFRS measure to adjusted EBITDA is net loss.

The Company defines adjusted operating expenses as operating expenses before taxes, interest, share-based compensation, depreciation, amortization, accretion, foreign exchange loss, and asset impairment charges. Adjusted operating expenses are presented on a basis consistent with the Company's internal management reports. The most directly comparable IFRS measure to adjusted operating expenses is operating expenses.



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2023

The non-IFRS measures are reconciled to reported IFRS figures in the tables below:

	2023	Year Ended April 30, 2022
(in thousands)	\$	\$
Net loss	(26,560)	(16,709)
Income taxes	(1,192)	861
Amortization and depreciation	6,685	3,769
Accretion	30	85
Asset impairment charge	2,460	167
Foreign exchange realized loss	82	4
Interest expense	334	302
Interest and other income	(270)	(279)
Unrealized foreign exchange gain	(227)	(631)
Share-based payments	1,943	3,083
Adjusted EBITDA	(16,715)	(9,348)

	2023	Year Ended April 30, 2022
(in thousands)	\$	\$
Operating expenses	(40,114)	(27,731)
Amortization and depreciation	4,980	2,567
Asset impairment charge	2,460	167
Foreign exchange loss	82	4
Interest expense	334	302
Share-based payments	1,943	3,083
Adjusted Operating Expenses	(30,315)	(21,608)



IMMUNOPRECISE ANTIBODIES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2023

FINANCING ACTIVITIES

2022 Transactions

On May 3, 2021, the Company issued 41,488 common shares pursuant to the final deferred payment for the acquisition of IPA Europe. The common shares were valued at \$0.5 million.

On April 13, 2022, the Company issued 4,077,774 common shares pursuant to the acquisition of BioStrand. The common shares were valued at \$18.4 million.

During the year ended April 30, 2022, the Company issued 188,000 common shares pursuant to the exercise of stock options for total gross proceeds of \$0.6 million. A value of \$0.4 million was transferred from contributed surplus to share capital as a result. The weighted average share price at the dates the stock options were exercised was \$7.95(CAD).

During the year ended April 30, 2022, the Company issued 925,076 common shares pursuant to the exercise of warrants and finder's warrants for total gross proceeds of \$3.2 million. A value of \$0.3 million was transferred from contributed surplus to share capital as a result.

During the year ended April 30, 2022, the Company issued 75,292 common shares with a value of \$0.3 million pursuant to the conversion of \$0.3 million principal balance of convertible debenture.

2023 Transactions

During the year ended April 30, 2023, the Company issued 263,537 common shares pursuant to the exercise of stock options for total gross proceeds of \$0.7 million. A value of \$0.8 million was transferred from contributed surplus to share capital as a result.

During the year ended April 30, 2023, the Company issued 309,877 common shares with a value of \$1.3 million pursuant to the conversion of \$1.4 million principal balance of convertible debenture.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are to ensure sufficient liquidity for operations and adequate funding for growth and capital expenditures while maintaining an efficient balance between debt and equity. The capital structure of the Company consists of shareholders' equity.

The Company adjusts its capital structure upon approval from its Board of Directors, considering economic conditions and the Company's working capital requirements. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

On December 11, 2020, the Company filed a \$150 million shelf registration statement with the TSXV which was filed with the United States Securities and Exchange Commission (the "SEC") on January 5, 2021, under which the Company may offer for sale, from time to time, either separately or together in any combination, equity, debt, or other securities described in the shelf registration statement through the 25-month expiration period. The shelf registration statement expired during the three months ended January 31, 2023.

On February 8, 2021, the Company closed a public offering of 1,616,293 common shares of the Company, at a price of U.S. \$13.45 per common share for gross proceeds of U.S. \$21.7 million, net proceeds less underwriting discounts and commissions of U.S. \$19.6 million.



IMMUNOPRECISE ANTIBODIES LTD.

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On February 10, 2021, Company also issued an additional 242,443 common shares at a price of U.S. \$13.45 per common share for gross proceeds of U.S. \$3.3 million, net proceeds less underwriting discounts and commissions of U.S. \$3.0 million.

In connection with the public offering, the Company issued underwriter warrants to purchase 130,111 common shares with an exercise price of U.S. \$16.81, or 125% of the public offering price with an expiry date of February 3, 2026.

As of April 30, 2023, the Company held cash of \$8.4 million (April 30, 2022 – \$30.0 million) and had working capital of \$11.1 million (April 30, 2022 – \$28.2 million). During the year ended April 30, 2023, the cash used in operating activities was \$19.8 million. As part of the investing activities, the Company made equipment purchases of \$1.5 million, and paid deferred acquisition payments of \$0.6 million. As part of the financing activities, the Company received \$0.7 million from issuing common shares, and incurred lease repayments of \$1.3 million.

As of April 30, 2023, the Company has an estimated annual commitment of €0.5 million related to a lease agreement to lease a new facility for its Oss, the Netherlands location.

The consideration paid for the acquisition of BioStrand includes a contingent earnout payment based on the profitability of BioStrand over a 7-year period, which shall not exceed in total €12.0 million. As of April 30, 2023, the Company's unpaid commitment related to the BioStrand earnout is €12.0 million.

Although the Company is a going concern, the Company does not have cash reserves to fund all its operations for one year, and strategic future growth and expansion plans. The Company has historically incurred net losses. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company may need to raise additional funds through issuances of common shares or through loan financing. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favorable to the Company as those previously obtained, or at all. If the Company is unable to obtain additional financing from outside sources and eventually generate enough revenues, the Company may be forced to sell a portion or all of the Company's assets or curtail or discontinue the Company's operations.

CAPITAL EXPENDITURES

The Company made equipment purchases of \$1.5 million during the year ended April 30, 2023 (2022 - \$1.1 million).



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OUTSTANDING SHARE DATA

The Company's outstanding share information as of July 6, 2023 is as follows:

Security	Number	Exercise Price	Expiry date
Issued and outstanding common shares	24,935,448	NA	NA
Stock options	19,000	\$4.75	September 24, 2023
Stock options	20,000	\$4.10	November 7, 2023
Stock options	180,000	\$5.00	December 31, 2023
Stock options	60,000	\$5.00	January 11, 2024
Stock options	250,000	\$8.50	September 1, 2025
Stock options	210,000	\$20.30	January 6, 2026
Stock options(1)	10,000	\$10.40	May 9, 2026
Stock options	30,000	\$9.19	August 5, 2026
Stock options	28,250	\$6.89	January 2, 2026
Stock options	335,332	\$7.94	January 7, 2027
Stock options	33,666	\$8.30	January 7, 2027
Stock options	25,000	\$6.35	February 22, 2024
Stock options	80,000	\$5.79	May 15, 2027
Stock options	29,060	\$5.55	February 19, 2027
Stock options	609,452	\$5.55	February 19, 2028
Warrants(1)	130,111	\$16.81	February 3, 2026
Total	26,985,319		

(1) Priced in USD.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

SUBSEQUENT EVENTS

Subsequent to April 30, 2023, the Company entered into a lease agreement for its Victoria location. The lease is estimated to commence during the three months ended July 31, 2023, at an estimated annual cost of \$0.4 million when payments begin on January 1, 2024.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS required estimates and judgments that affect the amounts reported in the financial statements. Actual results could differ from these estimates and judgments. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

Judgements

Business combinations

Acquisitions of a business are accounted for as a business combination if the assets acquired and liabilities assumed constitute a business in accordance with IFRS 3. Judgement is required to determine if the transaction meets the definition of a business combination.



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During the year ended April 30, 2022, the Company acquired all the issued and outstanding shares of Idea Family BV, BioStrand BV, BioKey BV, and BioClue BV (collectively “BioStrand”), as detailed in Note 6. Management concluded that BioStrand met the definition of a business, and accounted for the transaction as a business combination.

The acquisition of BioStrand includes potential future earn-out payments dependent on the future profitability of the business. Judgement was required to determine whether the payments constitute an exchange for the business or are transactions separate from the business combination. The potential future earn-out payments to the selling shareholders of BioStrand will be accounted for separate from the business combination.

Impairments

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (“CGU”s). Management applies judgement to determine CGUs. Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount.

The Company performs a goodwill impairment test annually and when circumstances indicate that the carrying value may not be recoverable. For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to three different CGUs, the Company’s Oss and Utrecht locations at IPA Europe, and BioStrand. The goodwill allocated to Oss, Utrecht, and BioStrand was \$3.1 million, \$4.7 million and \$11.4 million, respectively, as at April 30, 2023. The goodwill allocated to BioStrand includes an impairment charge during the year ended April 30, 2023 of \$2.5 million (see Note 9).

Estimates

Business combinations

At acquisition date, the identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair value. Goodwill is measured as the excess of the consideration transferred over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Estimates are required to determine the fair value of assets acquired and liabilities assumed, and estimated fair values may vary from prices that would be achieved in an arm’s length transaction at the acquisition date (see Note 6).

Impairment of long-lived assets

The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs of disposal or value in use. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

The recoverable amount of each CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The cash flows were projected over a five-year period for the Company’s Utrecht and Oss locations, and an eight-year period for BioStrand. The projections are based on past experience and actual operating results.

The Company performed its annual goodwill impairment test in April 2023 and no impairment was indicated for the period tested. The values assigned to the key assumptions represented management’s assessment of future trends in the industry and were based on historical data from both internal and external sources. See Note 9 for details on the weighted average cost of capital used in the assessments of the three CGUs.



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Useful life of intangible assets

Intangible assets are amortized based on estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that the actual useful lives and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, attributes of the assets and experience with similar assets. Changes to these estimates may affect the carrying value of assets, net income (loss) and comprehensive income (loss) in future periods (see Note 8).

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit and loss over the vesting period. The Company makes assumptions to determine the estimated forfeiture rate of the share options, and these estimates are reviewed at the end of each reporting period. Changes to these estimates may affect contributed surplus and net income (loss) (see Note 12).

Reclassification

For the period ended October 31, 2022, the Company changed the presentation of its expense analysis from the nature of expense method to the function of expense method. In accordance with IAS 1, the Company reclassified comparative amounts beginning with the period started May 1, 2021. The reclassification is intended to provide more relevant information about the activities of separate functions at the Company, along with increased comparability to industry peers.

ADOPTION OF NEW ACCOUNTING STANDARDS

Standards adopted

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling contracts (an example would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Company adopted this standard effective May 1, 2022. The adoption of the amendment to IAS 37 did not have an impact on the Company's consolidated financial statements for the year ended April 30, 2023.

Standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024, which is our fiscal year ending April 30, 2025.



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DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) have designed Disclosure & Procedures, or have caused them to be designed under their supervision. Such procedures are designed to ensure that material information relating to the Company and its consolidated subsidiaries is made known to CEO and CFO by others within the Company, and such disclosure procedures are effective to perform the function for which they were established; in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management, with the participation of the CEO and CFO, have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the United States Securities Exchange Act of 1934, as amended), at the end of the period. Based on their evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of April 30, 2023.

In connection with National Instrument 52-109 - Certificate of Disclosure in Issuer's Annual and Interim Filings, the Chief Financial Officer of the Company has filed a Certificate with respect to the financial information contained in the consolidated financial statements for the year ended April 30, 2023, Annual Information Form, and this accompanying MD&A (together, the "Annual Filings").

For further information, the reader should refer to the Company's Certificate of Interim Filings and the Annual Filings on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable, restricted cash, investment, accounts payable and accrued liabilities, deferred acquisition payments, and leases. The fair value of investment is determined based on “Level 3” inputs which consist of unobservable inputs to the valuation methodology used. As at April 30, 2023, the Company believes the carrying values of cash, amounts receivable, restricted cash, accounts payable and accrued liabilities, and deferred payments approximate their fair values because of their nature and relatively short maturity dates or durations.

RISKS AND UNCERTAINTIES

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. A detailed description of the risks and uncertainties pertaining to the Company's operations can be found in the Company's Annual Information Form for the fiscal year ended April 30, 2023, which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar. The Company is not aware of any significant changes to the risks and uncertainties disclosed at that time.

Financial Position and Additional Needs for Liquidity and Capital

The Company is a biopharmaceutical company focused on the development of novel, therapeutic antibodies. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to prove effective, gain regulatory approval or become commercially viable. The Company does not have any products approved by regulatory authorities and has not generated substantial revenues from collaboration and licensing agreements or clinical product sales to date, and has incurred significant research, development and other expenses related to ongoing



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operations and expects to continue to incur such expenses. As a result, the Company has not been profitable and has incurred operating losses in every reporting period since its inception and has a significant accumulated deficit. Operating costs are expected to increase in the near term as the Company continues product development efforts and expects to continue until such time as any future product sales, royalty payments, licensing fees, and/or milestone payments are sufficient to generate revenues to fund continuing operations. In addition, the Company's operating expenses are expected to increase compared to last year as a result of its United States public reporting company status. The Company is unable to predict the extent of any future losses or when this business section will become profitable, if ever. Even if the Company achieves profitability, it may not be able to sustain or increase profitability on an ongoing basis.

Research and Development and Product Development

The Company is a life science company that makes customized antibodies and is engaged in the research and product development of new antibodies, processes, procedures and innovative approaches to the antibody production. The Company has been engaged in such research and development activities for over 30 years and has had significant success. Continued investment in retaining key scientific staff, as well as an ongoing commitment in research and development activities, will continue to be a cornerstone in the Company's development of new services, processes, and competitive advantages such as Rapid Prime™, B cell Select™, DeepDisplay™ and its methods for the production of human antibodies. The Company realizes that such research and product development activities endeavour, but cannot assure, the production of new and innovative processes, procedures or innovative approaches to antibody production or new antibodies. Furthermore, if it does not achieve sufficient market acceptance of its expansion of its commercialization of its products and services, it will be difficult for the Company to achieve consistent profitability. The Company's marketing and sales approach and external sales personnel continues to introduce a steady stream of new partners.

Competition

Although the Company believes that there are only a limited number of full-service, biologics, CRO firms, the Company may face intense competition in selling its products and services. Some competitors may have marketing, financial, development and personnel resources which exceed those of the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed on terms it considers acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's business, financial condition and results of operations. To remain competitive, the Company believes that it must effectively and economically provide: (i) products and services that satisfy partner demands, (ii) superior partner service, (iii) high levels of quality and reliability, and (iv) dependable and efficient distribution networks. Increased competition may require the Company to reduce prices or increase spending on sales and marketing and partner support, which may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to partners or any occurrence of a price war among the Company's competitors may adversely affect the business and results of operations. Partner reach, service and on-time delivery will continue to be a hallmark of the Company's ability to compete with other market players. Further, the acquisitions translate to spreading the Company's footprint on two continents. In addition, the Company has deployed a sales team tasked with continually sourcing and providing market intelligence as part of its activities.

Competition and Obsolescence

The pharmaceutical and biotechnology industries are characterized by rapid and continuous technological innovation. The Company competes with companies around the world that are engaged in the development and production of products and services, including pharmaceutical companies, biotechnology companies, and contract research companies. Academic institutions, governmental agencies and other research organizations also are conducting research and developing technologies in areas in which the Company provides services, either on its own or through collaborative efforts. The Company's pharmaceutical and biotechnology company partners have internal departments that provide products and services that directly compete with the Company's products and services. Many of the Company's competitors offer a broader range of products and services and have greater access to financial, technical, scientific, business development, recruiting and other resources than the Company does, and some of its competitors may also operate with a lower cost



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structure. The Company anticipates that it will face increased competition in the future as it expands its operations and its products and services and as new companies enter the market and advanced technologies become available. The Company's products, services and expertise may become obsolete or uneconomical due to technological advances or entirely different approaches developed by the Company, its partners or one or more of its competitors. For example, advances in databases and molecular modeling tools that predict how effectively compounds will treat a targeted disease may render some of its technologies obsolete. While the Company plans to develop technologies that will give it a competitive advantage, it may not be able to develop the technologies necessary for it to successfully compete in the future. Additionally, the existing approaches of the Company's competitors or new approaches or technologies developed by its competitors may be more effective than those it develops. The Company may not be able to compete successfully with existing or future competitors.

Other competitive factors could force the Company to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to the Company's drug candidates. If the Company is not able to compete effectively against current and future competitors, its business will not grow and its financial condition and operations will suffer.

Intellectual Property Protection

The Company's success will depend on its ability to obtain, protect and enforce patents on its technology and products. Any patents that the Company may own or license in the future may not afford meaningful protection for its technology and products. The Company's efforts to enforce and maintain its intellectual property rights may not be successful and may result in substantial costs and diversion of management time. In addition, others may challenge patents the Company may obtain in the future and, as a result, these patents could be narrowed, invalidated or rendered unenforceable or it may be forced to stop using the technology covered by these patents or to license the technology from third parties. In addition, current and future patent applications on which the Company depends may not result in the issuance of patents. Even if the Company's rights are valid, enforceable and broad in scope, competitors may develop products based on similar technology that is not covered by the Company's patents. Further, since there is a substantial backlog of patent applications at the various patent offices, the approval or rejection of the Company and its competitors' patent applications may take several years.

In addition to patent protection, the Company also relies on copyright and trademark protection, trade secrets, know-how, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of the Company's trade secrets and proprietary information, the Company requires its employees, consultants and advisors to execute confidentiality and proprietary information agreements. However, these agreements may not provide the Company with adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorized use or disclosure. Furthermore, like many companies in the Company's industry, the Company may from time to time hire scientific personnel formerly employed by other companies involved in one or more areas similar to the activities the Company conducts. In some situations, the Company's confidentiality and proprietary information agreements may conflict with, or be subject to, the rights of third parties with whom its employees, consultants or advisors have prior employment or consulting relationships. Although the Company requires its employees and consultants to maintain the confidentiality of all confidential information of previous employers, the Company or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations. Finally, others may independently develop substantially equivalent proprietary information and techniques, or otherwise gain access to its trade secrets. The Company's failure to protect its proprietary information and techniques may inhibit or limit its ability to exclude certain competitors from the market and execute its business strategies.

Failure of Laboratory Facilities

The Company's operations could suffer as a result of a failure of its laboratory facilities. The Company's business will be dependent upon a laboratory infrastructure to produce products and services. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.



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Further, many of the Company's operations are comprised of complex mechanical systems that are subject to periodic failure, including aging fatigue. Such failures are unpredictable, and while the Company has made significant capital expenditures designed to create redundancy within these mechanical systems, strengthened biosecurity, improved operating procedures to protect against such contaminations, and replaced impaired systems and equipment in advance of such events, failures and/or contaminations may still occur.

The production of monoclonal and polyclonal antibodies requires state of the art laboratory facilities and the success of these laboratory services depends on the recruitment and retention of highly qualified technical staff to maintain the level and quality of standard of the Company's products and services expected from partners.

There is no assurance that the Company will be able to expand and operate such state of the art laboratory services and recruit and retain qualified staff.

The Company produces and supplies antibodies and there is no guarantee that such production will be successful and produce the desired results. As a result, the Company continues to be exposed to potential liability that may exceed any insurance coverage that the Company may obtain in the future. As a result, the Company may incur significant liability exposure, which may exceed any insurance coverage that the Company may obtain in the future. Even if the Company elects to purchase such insurance in the future, the Company may not be able to maintain adequate levels of insurance at reasonable cost and/or reasonable terms. Excessive insurance costs or uninsured claims may increase the Company's operating loss and affect its financial condition.

Pandemic Risk

The Company is currently unable to determine whether the ongoing COVID-19 pandemic will have a negative effect on the Company's results for the duration of the outbreak. There has been minimal impact on the Company's operations and results to date, and the Company has not experienced negative impact on partner sales or the supply chain. The Company's sales, operations and financial performance could suffer given a potential rapidly spreading virus. Internally, the virus may infect its employees resulting in operating at lower productivity levels or even a complete laboratory shutdown. The Company's business is dependent on its laboratories to produce its products and services which if not operating will impact the financial performance of the company and its ability to meet its obligations. The Company has diversified geographic locations with the ability to perform similar services at other sites. In addition, certain roles have the ability to work remotely, and the Company has business interruption insurance which may aid in the recovery of lost profits. External factors may also contribute to this risk, such as the impact of a pandemic on the Company's partners and suppliers.

Selection and Integration of Acquired Businesses and Technologies

The Company has expanded its business through acquisitions. The Company may plan to continue to acquire businesses and technologies and form strategic alliances. However, businesses and technologies may not be available on terms and conditions the Company finds acceptable. The Company risks spending time and money investigating and negotiating with potential acquisition or alliance partners, but not completing transactions.

Acquisitions and alliances involve numerous risks which may include:

- difficulties in achieving business and financial success;
- difficulties and expenses incurred in assimilating and integrating operations, services, products, technologies or pre-existing relationships with the Company's clients, distributors and suppliers;
- challenges with developing and operating new businesses, including those that are materially different from the Company's existing businesses and that may require the development or acquisition of new internal capabilities and expertise;



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- potential losses resulting from undiscovered liabilities of acquired companies that are not covered by the indemnification the Company may obtain from the seller or the insurance acquired in connection with the transaction;
- loss of key employees;
- the presence or absence of adequate internal controls and/or significant fraud in the financial systems of acquired companies;
- diversion of management's attention from other business concerns;
- a more expansive regulatory environment;
- acquisitions could be dilutive to earnings, or in the event of acquisitions made through the issuance of the Company's common stock to the shareholders of the acquired company, dilutive to the percentage of ownership of the Company's existing shareholders;
- differences in foreign business practices, customs and importation regulations, language and other cultural barriers in connection with the acquisition of foreign companies;
- new technologies and products may be developed that cause businesses or assets the Company acquires to become less valuable; and
- disagreements or disputes with prior owners of an acquired business, technology, service or product that may result in litigation expenses and diversion of the Company's management's attention.

If an acquired business, technology or an alliance does not meet the Company's expectations, its results of operations may be adversely affected.

Some of the same risks exist when the Company decides to sell a business, site or product line. In addition, divestitures could involve additional risks, including the following:

- difficulties in the separation of operations, services, products, and personnel;
- diversion of management's attention from other business concerns; and
- the need to agree to retain or assume certain current or future liabilities in order to complete the divestiture.

The Company continually evaluates the performance and strategic fit of its businesses (including specific product lines and service offerings) to determine whether any divestitures are appropriate. Any divestitures may result in significant write-offs, including those related to goodwill and other intangible assets and which could have an adverse effect on the Company's results of operations and financial condition. In addition, the Company may encounter difficulty in finding buyers or alternative exit strategies at acceptable prices and terms, and in a timely manner. The Company may not be successful in managing these or any other significant risks that it encounters in divesting a business, site or product line or service offering and, as a result, may not achieve some or all of the expected benefits of the divestiture.



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FURTHER INFORMATION:

Additional information relating to the Company can be found on SEDAR at www.sedar.com and EDGAR at www.sec.gov/edgar.