Hamilton Thorne Ltd.

Management Discussion and Analysis

March 31, 2023

The following discussion and analysis of the operations, results, and financial position of Hamilton Thorne Ltd. (the "Company") for the three months ended March 31, 2023 should be read in conjunction with the Company's March 31, 2023 unaudited condensed consolidated interim financial statements and the related notes thereto. Such unaudited condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All financial figures are in United States (US) dollars unless otherwise indicated. The effective date of this report is May 12th, 2023.

Unless the context indicates or requires otherwise, "Company" and "Hamilton Thorne" and the words "we", "our", "us" and other variations thereon or comparable terminology are intended to refer to Hamilton Thorne Ltd. (including, where applicable, its predecessor entities) and its subsidiaries.

Forward-Looking Statements

Certain statements in this management discussion and analysis ("MD&A") may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company and its subsidiaries, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as significant changes in market conditions, the inability of the Company to close sales and the inability of the Company to attract sufficient financing and including the risk factors summarized below under the heading "Risk Factors." New risk factors may arise from time to time, and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the effective date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the effective date hereof or to reflect the occurrence of unanticipated events, except as required by securities legislation.

Use of Non-IFRS Measures

To supplement our financial results on an IFRS basis, we use certain non-IFRS measures that we believe are helpful in understanding our results. Our non-GAAP financial measures may include the following adjustments:

Adjusted EBITDA: The Company has included the non-IFRS measure of earnings before interest, income taxes, depreciation, amortization, share-based compensation expense, acquisition, integration and restructuring costs, impairment of intangibles, and other exceptional, non-recurring or non-operational charges, expenses, gain or income

("Adjusted EBITDA") as a non-IFRS measure which is used by management as a measure of financial performance. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning under IFRS. Investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net and comprehensive earnings determined in accordance with IFRS as an indicator of the Company's performance, or as an alternative to cash flows from operating, investing and financing activities as a measure of the Company's liquidity and cash flows. The Company's method of calculating Adjusted EBITDA may differ from the methods used by other issuers and, accordingly, the Company's Adjusted EBITDA may not be comparable to similarly named measures used by other issuers.

Constant Currency: The Company may include, for certain periods, revenue growth using the non-IFRS financial measure of constant currency so that revenue results may be evaluated excluding the effect of foreign currency rate fluctuations. To present this information, prior period revenue for entities reporting in currencies other than the United States dollar are converted into United States dollars at the average foreign exchange rates for the corresponding period in the current year.

Organic Growth: The Company may include, for certain periods, revenue growth using the non-IFRS financial measure of organic growth so that revenue results may be evaluated excluding the effect of certain acquisitions and foreign exchange fluctuations. To present this information, we compare reported revenue with the revenue, on a constant currency, pro-forma basis, from acquired businesses, as if that business had been owned by the Company during each corresponding prior period. We exclude from this calculation pro forma adjustment related to assets or businesses that are not generating material revenues and adjust for any discontinued or excluded operations.

Our non-IFRS financial results are not meant to be considered in isolation or as a substitute for comparable IFRS measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with IFRS.

Description of Operations

Hamilton Thorne is a global provider of laboratory instruments, consumables, software, and services to the assisted reproductive technology ("ART"), research, and cell biology markets. We develop, manufacture and market precision instruments, software, and consumable products, and deliver services that are sold under our own brand names, as well as provide an array of third-party equipment and consumables to meet customer requirements.

Our branded instrument, equipment and software product lines include precision laser devices, imaging systems, incubators, laminar flow workstations, air purification systems, control rate freezers, lab monitoring systems and micromanipulation systems. Our laser products attach to standard inverted microscopes and operate as micro-surgical devices, enabling a wide array of scientific applications and In Vitro Fertilization ("IVF") procedures. Our image analysis systems are designed to bring quality, efficiency and reliability to studies of reproductive cells in the human fertility, animal sciences, and reproductive toxicology fields. Our incubators, workstations, and filtration products improve outcomes through controlling environmental factors such as temperature, air flow, humidity, and air quality. Our micromanipulation system is targeted to assist the embryologist in performing critical procedures in the IVF lab with a high level of precision and reliability. Our control rate freezers preserve cells and tissue samples in the research and cell biology laboratories as well as the IVF clinic.

Our branded consumables and services cover a wide range of customer needs. Our GM501 family of products provides the IVF lab with a comprehensive cell culture media solution, including oocyte handling, sperm processing, embryo culture, and cryopreservation. Our sperm preparation media, quality control products, dyes, stains, and counting chambers complement our Computer Assisted Sperm Analysis ("CASA") products. Our line of glass micropipettes complements our micromanipulator system. Our quality control assays are used in IVF labs for testing equipment and materials' toxicity to ensure the safest environment for successful embryo development. Our services cover a broad range of user needs, ranging from equipment service contract and maintenance programs; quality

control testing services to manufacturers of medical devices, culture media and consumables used in IVF labs; and laboratory design and installation services.

The third-party products that we distribute cover a wide range of specialized equipment, software, accessories, and consumables utilized by our IVF clinics, animal breeding, research, and cell biology customers, including microscopes, vitrification products, dishes, and slides.

We sell our products and services through a growing direct sales force based in the US, Germany, France, the UK, Denmark, Spain, and Australia, and through distributors, to over 2,000 fertility clinics, hospitals, pharmaceutical companies, biotechnology companies, educational institutions and other commercial and academic research establishments in over 75 countries. The clinical products that we market are generally cleared for sale in the US, Europe (and other territories accepting a CE Mark), China, and Canada as well as a number of other markets.

In order to increase the size and scale of our business, broaden our offerings of products and services, and positively affect our quality of revenue, we have augmented our organic growth and R&D initiatives through the strategic acquisition of both operating companies and established product lines. From 2015 to date, we completed eight acquisitions. These acquisitions have expanded and diversified the range of proprietary products in our portfolio, significantly increased our service and consumables revenues, and added direct sales territories.

In November 2022 we completed our most recent acquisition when we acquired Microptic S.L., based in Barcelona, Spain, a leading developer of artificial intelligence ("AI") enabled CASA software, consumables, and image analysis systems for the ART and laboratory markets worldwide. We also acquired Microptic's affiliated research group, Automatic Diagnostic Systems S.L.U.

This and other recent acquisitions added a number of high-quality product lines with significant growth potential to our product portfolio and established a direct sales presence for the entire Hamilton Thorne product range in Spain, Australia and the Nordics region of Denmark, Sweden, Norway, Finland and Iceland.

Hamilton Thorne is headquartered in Beverly, Massachusetts. We have production, sales and/or laboratory facilities in the US, Germany, England, Denmark, Spain, and Australia and sales/support personnel in France, and Singapore. The Company's production facilities are ISO 9001 and/or ISO 13485 certified. Our testing laboratory facilities are ISO 17025 certified.

Our operations are conducted by our wholly owned subsidiaries, Hamilton Thorne, Inc. and Embryotech Laboratories Inc., each a Delaware corporation, Planer Limited, a UK limited company, Tek-Event Pty. Ltd, an Australian limited company, IVFtech ApS, a Danish company, and Microptic S.L. a Spanish limited company.

Unless otherwise specified, all financial data referred to in this MD&A is in US Dollars.

Key Financial Data and Comparative Results

	Three- Month Period Ending March 31	
Statements of Operations:	**2023**	**2022**
Sales	$16,690,104	$14,051,835
Gross profit	8,444,702	6,850,092
Operating expenses	8,007,567	5,889,196
Net income (loss)	77,405	556,289
Adjusted EBITDA	2,837,358	2,514,056
Basic earnings per share	$0.00	$0.00
Diluted earnings per share	$0.00	$0.00

Statements of Financial Position as at:	**Mar. 31, 2023**	**Dec. 31, 2022**
Cash	$ 15,885,325	$16,673,401
Working capital	25,307,397	23,750,886
Total assets	87,187,165	86,667,258
Non-current liabilities	16,578,588	16,849,584
Shareholders' equity	57,920,679	56,222,162

Quarterly Data	Mar. 31 23	Dec. 31 22	Sep. 30 22	Jun. 30 22	Mar. 31 22	Dec. 31 21	Sep. 30 21	Jun. 30 21
Sales	$16,690,104	$16,427,917	$13,463,927	$14,234,387	$14,051,835	$15,621,524	$12,685,066	$12,527,310
Gross profit	8,444,702	8,618,316	6,528,632	7,083,090	6,850,092	7,918,739	6,020,704	6,395,437
Operating expenses	8,007,567	7,701,277	6,691,280	6,507,164	5,889,196	6,633,419	5,553,997	5,600,087
Net income (loss)	77,405	980,392	99,377	274,537	556,289	836,488	249,319	482,419
Adjusted EBITDA	2,837,358	3,039,477	2,098,830	2,433,237	2,514,056	2,972,066	2,034,466	2,449,574
Basic earnings per share	$0.00	$0.01	$0.00	$0.00	$0.00	$0.01	$0.00	$0.00
Diluted earnings per share	$0.00	$0.01	$0.00	$0.00	$0.00	$0.01	$0.00	$0.00

The above financial information, with the exception of Adjusted EBITDA data, has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and is stated in US dollars. (See "Use of Non-IFRS Measures," "New Accounting Pronouncements - International Financial Reporting Standards," and "Reconciliation of Net Income to Adjusted EBITDA")

Results of Operations for the quarter-ended March 31, 2023

Hamilton Thorne sales increased 19% to $16,690,104 for the quarter-ended March 31, 2023 an increase of $2,638,269 from $14,051,835 during the prior year's first quarter. Sales increased primarily due to a return to more normalized operations versus supply chain and logistic issues affected results in the same period of prior year, along with continued growth. Constant currency sales as reported were up 24%. Organic growth was 15% for the quarter.

Sales of equipment in the first quarter of 2023 were up 20% compared to the last year's period, due to the return to more normal operations and logistics, while service, software, and consumable sales, were up 18%.

Gross profit for the quarter increased 23% or $1,594,610 to $8,444,702, primarily as a function of sales growth and product mix. Gross profit as a percentage of sales was higher than last year's quarter at 50.6%, due to increased sales of higher margin proprietary equipment, services, and branded consumables and additional direct sales of products, partially offset by higher material cost in first quarter of 2023 caused by the global inflationary environment.

Operating expenses increased 36% or $2,118,371 to $8,007,567 for the quarter, up from $5,889,196 for the previous year's first quarter, primarily due to the addition of Microptic expenses for the full period, M&A related expenses, integration expenses, continued investments in sales and support resources, increased share-based compensation, and increased travel and tradeshow expense as activity continued to return to pre-pandemic levels. The global inflationary situation that impacted our cost of goods sold during 2022, continued in 2023 contributing to the increase of operating expenses.

Research and development expenses increased $159,274 (18%) to $1,058,132 for the quarter-ended March 31, 2023 due to the addition of Microptic R&D expenses, additional regulatory expense, and new product amortization expenses, partially offset by expenses relating to the development of products which the Company capitalizes.

Sales and marketing expenses increased $493,881 (17%) to $3,401,830 for the quarter-ended March 31, 2023 primarily due to the addition of Microptic sales and marketing expenses and the continued investment in direct sales and support resources in Europe, the US and Australia, in addition to increases in travel, trade shows, and commission expense.

General and administrative expenses, excluding expenses related to acquisition and M&A activity, increased $977,357 (47%) to $3,039,746 for the quarter-ended March 31, 2023 primarily due to the addition of Microptic general and administrative expenses, increased compensation expenses related to salary increases and additional staff, increased amortization and depreciation, and increased share-based compensation.

Interest expense increased $139,903 from $115,448 to $255,351 for the quarter-ended March 31, 2023 versus the prior year's first quarter, primarily due to increased term debt to finance the Microptic acquisitions (November 2022), and the higher use of bank line of credit to fund working capital, partially offset by reduction in other term debts due to principal repayment, and interest earned on the Company's cash balances.

Income tax expense decreased 65% to $104,453 for the quarter-ended March 31, 2023 compared to $296,200 in the prior year's first quarter. Current income tax expense decreased to $227,110 for the quarter-ended March 31, 2023, compared to $252,200 in the prior year's quarter due to the mix of income and income tax rates between foreign and US states.

Net income for the three months ended March 31, 2023 was $77,405, versus a net Income of $556,289 for the prior year's period, primarily due to increased operating expenses, including $508,859 of M&A expenses in the quarter-ended March 31, 2023, versus $20,000 in the prior year quarter, and increased interest expense.

Other comprehensive income for the quarter-ended March 31, 2023 was $818,827 compared to a loss of $1,749,705 in the same period of 2022 due to increased foreign currency translation differences by the parent company from the foreign operations of its subsidiaries in Europe and the UK.

In the first quarter of 2023, the Company's Adjusted EBITDA increased 13% to $2,837,358 versus Adjusted EBITDA of $2,514,056 for the prior year's first quarter. These changes were due primarily to increased sales and gross profits offset by increased operating expenses. See below for a reconciliation of Adjusted EBITDA to Net Income.

The following table reconciles Adjusted EBITDA to Net income:

Reconciliation of Adjusted EBITDA	**Three- Month Periods Ending March 31**	
	2023	**2022**
Sales	$16,690,104	$14,051,835
Net Income (loss)	77,405	556,289
Adjusted for:		
Interest	255,277	115,448
Taxes	104,453	296,200
Depreciation	408,000	346,138
Amortization	720,895	582,150
Acquisition, integration and restructuring expenses (1)	507,859	20,000
Share-based payments expense	554,550	388,500
Exceptional, non-recurring, or non-operational charges, expenses, gain, or income (2)	208,920	209,331
Adjusted EBITDA	$2,837,358	$2,514,056
Adjusted EBITDA Margin	17.0%	17.9%

(1) Expense related to acquisition and integration activities and restructuring.
(2) Expenses related to compliance with new European Medical Device and IVD regulations.

Outlook

Long-Term Trends

Over the long-term, the market demand for our products and services is expected to grow faster than the overall economy. Growth in the human ART field is driven by (i) the need to address declining birth rates primarily caused by delayed maternal age of pregnancy, (ii) increasing affordability of ART due to income growth in developing countries and expanding reimbursement benefits in the US and elsewhere, and (iii) improved outcomes resulting from the adoption of new technologies and procedures. Demand in the animal ART field is driven by the need to improve breeding efficiency in food production as well as the endangered species preservation. Demand in the research and cell biology markets is driven by continued government and private support for R&D as well as the growing need for cell and tissue preservation.

The Company's revenue growth is driven by the overall growth of the markets that we serve, our ability to capture increased market share, the introduction of new products and services to improve and expand our offering, and the execution of our acquisition strategy. Our revenue growth has been and is expected to continue to be positively impacted in future periods by organic growth, the substantial results from our completed and future acquisitions, including cross-selling and market expansion opportunities, and as the results from our expanding direct sales force continue to be realized.

Our profit growth will be driven by our ability to increase revenues, maintain high gross profit margins, and continue strong expense controls and disciplined investments in R&D and sales resources. The Company's gross profit margins as a percentage of sales are expected to continue to vary from quarter to quarter, based on the margin profile of the product lines and businesses that we acquire, the mix of higher-margin Company-branded products versus third-party products, and the mix of direct sales versus sales through distribution channels. We see the opportunity to increase margins over time by adding more branded products, increasing our direct sales into both new and existing markets, and over the long term by taking advantage of economies of scale as we continue to grow.

The Company continues to work on its acquisition program with a goal of completing one or more meaningful acquisitions every twelve to eighteen months.

Covid-19, and Other External Impacts

While the impact of COVID-19 on the Company has largely subsided, management continues to closely monitor all COVID-19 developments including its impact on the Company's customers, employees, suppliers, vendors, business partners, and distribution channels.

In addition to COVID-19, the global economy, including the financial and credit markets, has recently experienced extreme volatility and disruptions, including increases to inflation rates, rising interest rates, foreign currency volatility, declines in consumer confidence, and declines in economic growth. AII of these factors point to uncertainty about economic stability, and the severity and duration of these conditions on the Company's operation cannot be predicted. Despite these uncertainties, the Company believes it is well equipped to handle the uncertainty and has taken several proactive steps in an attempt to better manage these challenges including potential future impact on the Company's assets, cash flows and liquidity, operations and financial reporting.

The Company evaluates its trade receivables each quarter and determines expected credit losses by evaluating its historical credit loss experiences as applied over the expected life of the trade receivables, adjusted for forward looking estimates. The Company actively monitors trade receivables and determined that there were no material expectations of increased credit losses given the current status of the Covid-19 pandemic and external impacts on the Company's customers and the economics of the ART industry which it serves.

Liquidity

The Company's cash balance at March 31, 2023 was $15,885,325 as compared to $16,673,401 at December 31, 2022 a decrease of $788,076. Working capital increased $1,556,510 to $25,307,397 at March 31, 2023. The decrease in cash balances is primarily due to Net loss and the increase in working capital and cash used in investing activities.

Cash used by operations was $142,960 for the three months ended March 31, 2023 compared to $243,197 of cash generated by operations in the same period of the prior year. The higher use of cash of $386,157 is primarily due to lower net income, and increased investments in working capital.

Cash used in investing activities was $765,725 for the three months ended March 31, 2023 which included the purchase of equipment and intangible development costs, versus $492,315 in the prior period.

Cash generated in financing activities for the twelve months ended March 31, 2023 was $120,609, primarily attributable to increased use of the Company's revolver line of credit, offset by scheduled term loan debt and lease obligation payments, versus $621,006 of cash used in financing activities in the prior year's period.

The Company has generated cash from operations since 2013 and expects to continue to generate annual cash from operations. However, given the remaining uncertainties surrounding the macroeconomic outlook, it is difficult to predict whether the Company will generate comparable levels of cash from operations in 2023 as it had in prior periods. Regardless, the Company believes that its current cash position and available and unused line of credit should be sufficient to support operations for the next twelve months.

In September 2016, the Company replaced its existing line of credit with a new bank credit facility consisting of a $5.5 million five-year term loan ($nil of which was outstanding as of March 31, 2023), and a $2.5 million revolving line of credit. In September 2019, the Company augmented this facility by increasing the availability under its revolving line of credit to $4.5 million and as well as renewing its $3 million acquisition line of credit.

In April 2017, the Company augmented this facility by issuing a $4 million five-year term loan to partially finance the Gynemed acquisition ($nil of which was outstanding March 31, 2023). In August 2019, the Company augmented this facility by issuing a $3 million five-year term loan to partially finance the Planer acquisition ($0.9 million of which was outstanding at March 31, 2023).

In August 2020, the Company's UK subsidiary Planer Limited closed on an unsecured bank loan partially guaranteed by the UK government in the amount of £250,000 (approximately $191 thousand at March 31, 2023) (the "UK Loan"). The UK Loan bears interest at a rate of 3.8% over the UK base rate (currently 3.25% per annum), with a maturity date of six years from the date of the loan. Interest payments were waived for the first twelve months under the UK Loan.

In September 2020, the Company further extended its bank operating line of credit to July 2022 and in November 2020 increased its acquisition line of credit availability from $3 million to $5 million.

In July 2021, the Company issued an aggregate of 983,612 common shares at an issuance price of C$2.021 per share with a deemed aggregate value of approximately DKK10 million (approximately $1.6 million), as part of the consideration for the IVFtech acquisition. The share consideration was placed in escrow pending final calculation of certain closing adjustments and to satisfy any possible indemnity claims.

In July 2021 the Company drew down $5 million under its acquisition line of credit to provide a portion of the cash consideration for the IVFtech acquisition. In July 2021 this line of credit drawdown was converted to a $5 million, five-year term note ($3.3 million of which was outstanding as of March 31, 2023). At the same time, the Company's commercial bank agreed to renew the acquisition line of credit and increase the available draw-down to $8 million and extend its $4.5 million operating line of credit to July 2023 ($2.6 million of which was outstanding at March 31, 2023).

In July 2022, the Company renewed and extended the maturity of its $8 million dollar acquisition line of credit and $4.5 million operating line of credit to July 2024.

In November 2022, the Company augmented this facility by issuing a $8 million five-year term loan to partially finance the Microptic acquisition ($7.6 million of which was outstanding March 31, 2023).

In February 2023, the Company's wholly owned subsidiary IVFtech ApS negotiated and closed a DKK 4 million (approximately $0.6 million) unsecured credit facility with a Danish regional bank. The line of credit ($nil of which was outstanding as of March 31, 2023) bears interest at three months CIBOR + 2,9% (6% as of March 17, 2023) and is renewable annually upon bank approval. Borrowings are subject to a standard equity ratio.

In the quarter ended March 31, 2023, the Company issued a total of 900,319 Common Shares upon the exercise of vested stock options and vesting of restricted share units for total proceeds of $239,794.

The Company is continually exploring strategic options to grow its business and maximize shareholder value, including the acquisition of additional product lines or companies. In connection therewith, the Company continues to explore additional sources of funding to support its growth initiatives and augment its cash position including, raising additional equity, expanding its existing lines of credit, and other financing alternatives.

Capital Resources

The Company expects that capital expenditures in 2023, other than those related to acquisition activities, will be primarily for new computers, software, product development costs, equipment used in research, development and demonstrations, leasehold improvements and moving cost to increase capacity, and will total approximately $2.0 million versus approximately $1.8 million in 2022. The Company expects these expenditures will be made with current funds or financed through equipment leasing arrangements.

Share Capital

As of March 31, 2023, and as of the effective date of this MD&A, there were 145,830,271 and 146,078,552, respectively, Common Shares issued and outstanding.

As of March 31, 2023, and as of the effective date of this MD&A, there were nil warrants to purchase common shares issued and outstanding.

Stock options issued to employees, directors, and consultants outstanding at March 31, 2023 and at the effective date of the MD&A totaled 7,044,362and 7,870,181, respectively, at exercise prices ranging from Cdn $0.05 to Cdn $1.92. Options for 5,804,763 shares were exercisable as of March 31, 2023. Options expire at varying times from March 2024 through September 2032.

A total of 1,736,683 of issued Restricted Share Units were outstanding at March 31, 2023, and 2,594,441 at the effective date of the MD&A. Restricted Share Units vest at varying times from March 2023 through April 2026.

In July 2021, the Company issued an aggregate of 983,612 common shares at a deemed issuance price of Cdn $2.021 per share with a deemed aggregate value of approximately DKK10 million (approximately $1.6 million), as part of the consideration for the IVFtech acquisition. The share consideration was placed in escrow pending final calculation of certain closing adjustments and to satisfy any possible indemnity claims.

Related Parties

There were no related party transactions in the periods covered by the Company’s March 31, 2023, unaudited condensed consolidated interim financial statements.

Risk Factors

An investment in the Company must be considered highly speculative. There are trends and factors that may be beyond the Company's control which affect its operations and business. Such trends and factors include adverse changes in the conditions in the specific markets for the Company's products and services, the conditions in the broader market of laboratory instruments, consumables and accessories and conditions in the domestic or global economy generally. It is not possible for management to predict economic fluctuations and the impact of such fluctuations on its performance.

General Business Risks

General Economic Conditions; Inflation; Exchange Rates

General economic factors that are beyond the Company's control may impact the demand for the Company's products and its financial performance. These factors include interest rates; recession; inflation (including the Company's ability to respond to increased costs); deflation; credit availability; debt levels; tax rates and policy; unemployment trends; the threat or possibility of war, terrorism or other global or national unrest; the impact of the Covid-19 pandemic or other diseases; political or financial instability; and other matters that influence business confidence and spending. These factors may impact sales and profitability of the Company's capital equipment, consumables, software, and services to varying degrees and at different times. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Changes in the economic climate could adversely affect the Company's performance.

Inflation had reached the highest level in over forty years during 2022 in the U.S. and other jurisdictions, which has impacts on the Company, as well as the general economic and business environment in which the Company operates. Global and domestic inflationary pressures, external supply constraints, competitive labor markets, together with the imposition by central banks of higher interest rates, may put pressure on the Company's operational costs and reduce demand for the Company's products and services. If inflation at elevated levels persists and interest rates continue to climb, an economic contraction could be possible. There can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of the Company.

Furthermore, although the Company conducts much of its business and reports financial results in US dollars, significant fluctuations in exchange rates between the US dollar and foreign currencies may adversely affect the Company's revenues and net income.

Covid-19 Coronavirus Risk

The recent outbreak of Covid-19, which was declared by the World Health Organization to be a pandemic, spread across the globe and had impacted worldwide economic activity. A public health pandemic, including Covid-19, poses the risk that the Company and its employees, contractors, customers, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Certain countries where the Company has significant operations, have required entities to limit or suspend business operations and have implemented travel restrictions and quarantine measures.

While the impact of COVID-19 on the Company has largely subsided, management continues to closely monitor all COVID-19 developments including its impact on the Company's customers, employees, suppliers, vendors, business partners, and distribution channels. The extent to which the spread of Covid-19 impacts the Company's business, including its operations, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the Covid-19 outbreak. In particular, the continued spread of the Covid-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity, shortages and

shutdowns (including as a result of government regulation and prevention measures), demand for the Company's products and services, customer and supplier relationships, increased costs of operations, increased costs for materials and shipping, supply chain instability, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and other factors that will depend on future developments beyond the Company's control, all of which may have a material and adverse effect on the its business, financial condition and results of operations. There can be no assurance that these pandemic diseases will not impact the Company's personnel and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks.

In addition, the continued spread of Covid-19 impacts could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Company's business and the market for the Company's securities. In particular, a prolonged outbreak could negatively impact stock markets, including the trading price of the Common Shares, could adversely impact the Company's ability to raise capital, and could cause continued interest rate volatility and movements that could make obtaining financing or refinancing the Company's debt obligations more challenging or more expensive. Any of these developments, and others, could have a material adverse effect on the Company's business and the results of operations.

Competition

The Company is engaged in a rapidly evolving field. The Company faces competition for its products from numerous companies, many of which have greater financial and other resources than the Company. Competition from other unknown entities and competition from research and academic institutions is also expected to increase. The market for solutions to the many fertility and developmental biology research problems is growing rapidly and is likely to attract new entrants. Numerous companies have focused on developing new devices and most, if not all, of these companies have greater financial and other resources and development capabilities than the Company. The Company's future success depends in part on its ability to maintain a competitive position, including its ability to further progress and develop its products for sale and commercialization. Other companies may succeed in commercializing products earlier than the Company or they may succeed in developing products that are more effective than the Company's products.

While the Company will seek to expand its technological capabilities in order to remain competitive, there can be no assurance that developments by others will not render its products non-competitive or that the Company will be able to keep pace with technological developments. The success of the Company's competitors and their products relative to the Company's products could have a material adverse effect on the future operations of the Company.

The markets in which the Company operates, including the ART market as a whole, has experienced industry consolidation in recent years through acquisitions, mergers, and decisions by industry players to partner. Consolidation across the industry, including by our competitors, may enhance their capacity, abilities and resources and lower their cost structures, causing us to be at a competitive disadvantage.

Brexit Risk

The United Kingdom has officially withdrawn its membership from the European Union ("*Brexit*"). The consequences of Brexit and the terms of the future trade agreements and other relationships with the European Union continue to be highly uncertain. Brexit could potentially disrupt the free movement of goods, services and people between the United Kingdom and the European Union, undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the United Kingdom and the European Union or other nations as the United Kingdom pursues independent trade relations. Because this is an unprecedented event, it remains unclear what long-term economic, financial, trade and legal implications Brexit will have and how it will affect the regulation applicable to our business globally and in the region. The impact on us will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. Any of these developments, along with any political, economic and regulatory changes that may occur,

could cause political and economic uncertainty in Europe and internationally and could adversely affect our sales in Europe and in the United Kingdom. Brexit's impact on us will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. Finally, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate, and those laws and regulations may be cumbersome, difficult or costly in terms of compliance. In addition, Brexit may lead other European Union member countries to consider referendums regarding their European Union membership. Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, results of operations, financial condition and cash flows.

Dependence upon Management

The Company is substantially dependent upon the services of a small number of key personnel. The loss of the services of any of these personnel could have a material adverse effect on the business of the Company. The Company does not maintain key man insurance on any management personnel. The Company may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. If it loses any of these people, or is unable to attract and retain qualified personnel, its business, financial condition and results of operations may be materially and adversely affected.

Acquisitions Related Activities

As part of its business strategy, the Company is actively seeking to expand its product and service offerings through the acquisition of additional product lines, services and technologies or entire companies. Acquisitions involve numerous risks, including: the potential failure to achieve the expected benefits of the combination; difficulties in and the cost of integrating operations, technologies, services and personnel; diversion of financial and managerial resources from existing operations; risk of offering products and services with which the Company has little or no experience; potential write-offs of acquired assets or investments; potential loss of key employees; inability to generate sufficient revenue to offset acquisition or investment; the inability to maintain relationships with customers and partners of the acquired business; potential unknown liabilities associated with the acquired businesses; unanticipated expenses related to acquired technology and its integration into existing technology; negative impact to the Company's results of operations because of the depreciation and amortization of amounts related to acquired intangible assets, fixed assets and deferred compensation, and the loss of acquired deferred revenue; delays in customer purchases due to uncertainty; the need to implement controls, procedures and policies appropriate for a public company at companies that prior to the acquisition lacked such controls, procedures and policies; possible litigation and associated costs; and challenges caused by distance, language and cultural differences.

In addition, if the Company finances acquisitions by issuing convertible debt or equity securities, existing stockholders may be diluted, which could affect the market price of the Company's stock. Further, if the Company fails to properly evaluate and execute acquisitions the Company's business and prospects may be seriously harmed and the value of shareholder's investment may decline.

Product Development

The development of additional products is subject to the risks of failure inherent in the development of new, state of the art products, laboratory devices and products based on new technologies and the risks associated with initiating new manufacturing or production processes. These risks include: (i) delays in product development or manufacturing; (ii) unplanned expenditures for product development or manufacturing; (iii) failure of new products to have the desired effect or an acceptable accuracy profile; (iv) emergence of superior or equivalent products; (v) failure by any potential collaborative partners to successfully develop products; and (vi) the dependence on third parties for the manufacture, development and sale of the Company's products. Because of these risks, the Company's research and development efforts or those of potential collaborative partners may not result in any commercially viable products.

If a significant portion of these development efforts is not successfully completed, or any products are not commercially successful, the Company is less likely to generate revenue growth or maintain its profitability. The failure to perform such activities could have a material adverse effect on the Company's business, financial condition and results of its operations.

Technological Advancement

The areas in which the Company is commercializing, distributing, and/or selling products involve rapidly developing technology. There can be no assurance that the Company will be able to establish itself in such fields, or, if established, that it will be able to maintain its position. There can be no assurance that the development by others of new or improved products will not make the Company's present and future products, if any, superfluous or obsolete.

Intellectual Property Rights

The Company has a number of patents issued and patent applications pending in the US and other jurisdictions. The Company's success and ability to compete is dependent in part on these patents. Although management of Hamilton Thorne believes that the patents and associated trademarks and licenses are valid, there can be no assurance that they will not be challenged and subsequently invalidated and/or canceled. The invalidation or cancellation of any one or all of the patents or trademarks would significantly damage the Company's commercial prospects. Further, the Company may find it necessary to legally challenge parties infringing its patents or trademarks or licensed trademarks to enforce its rights thereto. There can be no assurance that any of the patents would ultimately be held valid or that efforts to defend any of the patents, trade secrets, know-how or other intellectual property rights would be successful.

The Company's future success will depend, in part, on its ability to obtain patents for newly developed products, maintain trade secrets protection, and operate without infringing on the proprietary rights of third parties or having third parties circumvent its rights. The patent position of regenerative medicine and medical device firms is uncertain and involves complex legal and financial questions for which, in some cases, certain important legal principles remain unresolved. There can be no assurance that the patent applications made in respect of the owned products will result in the issuance of patents, that the term of a patent will be extendable after it expires in due course, that any patent issued to the Company will provide it with any competitive advantages, that the patents of others will not impede the Company's ability to do business or that third parties will not be able to circumvent or successfully challenge the patents obtained in respect of the products. The cost of obtaining and maintaining patents is high. Furthermore, there can be no assurance that others will not independently develop similar products that duplicate any of the products, or, if patents are issued, design around the patent for the product. There can be no assurance that the Company's processes or products do not or will not infringe upon the patents of third parties, or that the scope of the Company's patents will successfully prevent third parties from developing similar and competitive products.

Much of the Company's know-how and technology may not be patentable, though they may constitute trade secrets. There can be no assurance, however, that the Company will be able to meaningfully protect its trade secrets. To help protect its intellectual property rights and proprietary technology, the Company requires employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance that these agreements will provide meaningful protection for the Company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure.

The Company's commercial success will also depend, in part, on not infringing on the patents or proprietary rights of others. There can be no assurance that the technologies and products used or developed by the Company will not infringe such rights. If such infringement occurs and the Company is not able to obtain a license from the relevant third party, it will not be able to continue the development, manufacture, use, or sale of any such infringing technology or product. There can be no assurance that necessary licenses for third-party technology will be available at all or on commercially reasonable terms. In some cases, litigation or other proceedings may be necessary to defend

against or assert claims of infringement or to determine the scope and validity of the proprietary rights of third parties. Any potential litigation could result in substantial costs to, and diversion of, its resources and could have a material and adverse impact on the Company. An adverse outcome in any such litigation or proceeding could subject the Company to significant liabilities, require it to cease using the subject technology or require it to license the subject technology from the third party, all of which could have a material adverse effect on the Company's business.

The Company's future success and competitive position depends in part upon its ability to maintain its intellectual property portfolio. There can be no assurance that any patents will be issued on any existing or future patent applications. Even if such patents are issued, there can be no assurance that any patents issued or licensed to the Company will not be challenged. The Company's ability to establish and maintain a competitive position may be achieved in part by prosecuting claims against others who it believes to be infringing its rights. In addition, enforcement of the Company's patents in foreign jurisdictions will depend on the legal procedures in those jurisdictions. Even if such claims are found to be invalid, the Company's involvement in intellectual property litigation could have a material adverse effect on its ability to distribute any products that are the subject of such litigation. In addition, the Company's involvement in intellectual property litigation could result in significant expense, which could materially adversely affect the use or distribution of related intellectual property and divert the efforts of the Company's technical and management personnel from their principal responsibilities, whether or not such litigation is resolved in the Company's favor.

Data or Computer System Breach

As a routine element of our business, we or our third-party service providers collect, analyze, and retain substantial amounts of data and sensitive personal information relating to our clients, suppliers, contractors and employees, including data pertaining to the testing services we conduct for our clients both in paper records and on our computer systems. Any perceived, attempted or actual unauthorized disclosure of client data or sensitive personal information could constitute a breach of contract, harm our reputation and credibility, reduce our ability to attract and retain clients and could result in litigation against us or the imposition of significant fines or penalties. We believe that we have taken appropriate measures to protect against unauthorized disclosure of client data and sensitive personal information; however, those measures may not adequately protect our computer systems from a breach.

The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Product Liability, Personal Injury and Negligence Claims

In connection with the sale of our products and services, we have exposure to potential product liability, personal injury and negligence claims. Liability might result from claims made directly by consumers or by laboratory companies. Product liability, personal injury and negligence claims brought against us could result in diverted management time, significant adverse publicity and could be costly to defend or settle. We currently maintain reasonable levels of insurance in connection with such potential claims; however, there can be no assurance that the Company will be able to renew our current insurance, renew it at a rate comparable to what we now pay, or that the coverage will be adequate to protect us against liability. If it were held liable for a claim or claims exceeding the limits of its current or future insurance coverage, or if coverage was discontinued for any reason, it could have a materially adverse effect on the Company's business and financial condition.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards. Such risks and hazards could result in damage to equipment, personal injury or death, monetary losses and possible legal liability. Despite any insurance coverage which the Company currently has or may secure in the future, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company may elect not to insure against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial position.

Competitive Conflicts with Customers and Suppliers

The Company operates in a complex environment where it may buy products or services from, sell products or services to and actively compete with other companies that operate in its markets. There can be no assurance that these companies will continue to do business with the Company under the same or similar terms as they had in the past. If one or more of these companies were to change its relationship with the Company or cease doing business with the Company, our business, financial condition and results of operations may be materially and adversely affected.

Supply Chain Disruptions; Dependence upon Key Suppliers

The Company's production operations depend on obtaining deliveries of components, sub-assemblies, and other materials in a timely manner. In some cases, the Company purchases on a just-in-time basis. Some products are available only from a limited number of suppliers or a single supplier or have extremely long lead times. Manufacturing some of the components, subassemblies and other materials that the Company uses in its production processes is an extremely complex process and the Company has occasionally experienced shortages, delays in delivery, or quality problems with its suppliers. Any supply chain disruptions resulting in a prolonged inability to obtain adequate deliveries of components, subassemblies or other materials, or any other circumstance that requires the Company to seek alternative sources of supply, which could increase costs and disrupt the Company's operations, and could significantly hinder its ability to deliver its products in a timely manner, which could damage relationships with current and prospective customers and have a material adverse effect on the Company's business, financial condition and results of operations.

International Conflicts

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future, lead to, uncertainty or volatility in global markets. The continued escalation of the Russo-Ukraine war has resulted in significant volatility in commodity prices and global markets. The ongoing war has caused foreign governments, including Canada and the United States, to impose economic sanctions on Russia and certain its citizens. While the Company does not have personnel or operations in Russia, and its operational activities are not currently impacted by sanctions, its ability to serve the Russian market in the future may be impacted. Expansion of the war outside of Ukraine, along with any political, economic and regulatory changes that may occur, could cause political and economic uncertainty in Europe and internationally and could have a significant adverse impact on the world economy. Any of these effects of international conflicts, and others we cannot anticipate, could adversely affect our business, results of operations, financial condition and cash flows.

Financing

The Company has raised capital to finance operations, growth and acquisitions through a number of private placements of securities, including debentures, Common Shares and units comprised of Common Shares and warrants.

The Company has generated cash from operations since 2013. Given the remaining uncertainties surrounding general economic and financial conditions, it is difficult to predict whether the Company will generate cash from operations in our current fiscal year comparable to prior periods. Regardless, the Company believes that its current cash position should be sufficient to support operations for the next twelve months.

In the event that sales do not continue as anticipated, expenses increase beyond current trends, or the Company undertakes a significant acquisition, the Company may need to raise additional capital through public or private equity or debt financings to fund operations and refinance its debt.

In addition, the Company is continually exploring additional sources of funding to augment its cash position by raising additional equity, expanding the existing line of credit, and other financing alternatives. The Company is also exploring other strategic options to maximize shareholder value, including the acquisition of additional product lines or companies. There can be no assurance that funding will be available on terms acceptable to the Company, or at all. To the extent that the Company issues additional Common Shares as part of any financing, or as full or partial consideration in connection with future acquisitions, existing shareholders will be diluted, and the trading price of the Common Shares may also decrease.

Ability to Use NOLs

Under Section 382 of the US Internal Revenue Code of 1986, as amended (the "US Internal Revenue Code" or the "Code"), if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change US federal net operating loss ("NOL") carryforwards to offset its post-change income may be limited. Since our formation, we have raised capital and funded acquisitions through the issuance of capital stock, warrants, convertible debentures and other instruments which, combined with the equity holder's subsequent dispositions, may have resulted in one or more ownership changes, as defined by Section 382 of the Code. We have completed a preliminary study to assess whether any ownership change has occurred since our formation, and we believe that we have not experienced an ownership change as defined in Section 382. If we experience an ownership change at any time since our formation, our NOL carryforwards may not be available, or their utilization could be subject to an annual limitation under Section 382. In addition, since we may raise additional funding to finance our operations, fund future acquisitions or for other purposes, we may undergo further ownership changes in the future, in which event, our ability to use our pre-change NOL carryforwards to offset United States federal taxable income may be subject to limitations, which could potentially result in increased future tax liability.

Deferred Tax Asset

The Company carries significant net deferred tax assets on its balance sheet. These deferred tax assets are primarily NOL carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. We periodically determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings, applicable tax rates, the possibility of a change in ownership (as discussed above) that could limit the utilization of these NOL carryforwards and tax planning strategies. If we determine in the future that there is not sufficient positive evidence to support the valuation of these assets, due to the risk factors described herein or other factors, we may be required to record a valuation allowance to reduce our deferred tax assets. Any such reduction could result in material non-cash expenses in the period in which the valuation allowance is recorded and could have a material adverse effect on the results of operations.

Bank Financing

The Company is currently indebted under its credit facilities, and it may incur additional indebtedness in the future. These credit facilities are collateralized by all of the operating assets of the Company. If the Company is unable to pay

its principal or interest obligations when due or refinance or pay off the debt to the bank when it matures, or if there were otherwise an event of default, the Company's business, financial condition and results of operations may be materially and adversely affected.

In addition to the Company's debt service obligations, its operations require material expenditure on a continuing basis. The Company's ability to make scheduled debt payments, to refinance its obligations with respect to its indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of its operating assets and properties, as well as to provide capacity for the growth of its business, depends on the Company's financial and operating performance. General economic conditions and financial, business and other factors affect the Company's operations and its future performance. Many of these factors are beyond the Company's control. The Company may not be able to generate sufficient cash flows to pay the interest on its debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt.

Dividends

The Company intends to retain any future earnings to finance the growth and development of its business and does not plan to pay cash dividends in the foreseeable future.

Company Specific Risks

International Operations

The Company has significant sales, physical operations and employees outside the US. International operations expose the Company to numerous risks, including: changes in local political, economic, social, and labor conditions; restrictions on foreign ownership and investments, and stringent foreign exchange controls that might prevent the Company from repatriating cash earned in countries outside the US; import and export requirements that may prevent the Company from offering products or providing services to a particular market and may increase operating costs; currency fluctuations; payment issues, including, longer payment cycles in some countries, increased credit risk, and higher levels of payment fraud; uncertainty and complexity regarding liability for and compliance with regulations governing the Company's products and services; liabilities arising from distributor relations and contracts outside the US; different employee/employer relationships, existence of workers' councils and labor unions; and other challenges caused by distance, language, and cultural differences, making it harder to do business in certain jurisdictions.

In addition, compliance with complex foreign and US laws and regulations that apply to international operations increases the Company's cost of doing business. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data and patient privacy rules, medical products and diagnostics registration requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, and other local laws prohibiting corrupt payments to governmental officials, and antitrust and competition regulations, among others.

The onset of the Covid-19 pandemic has created additional risks as the Company is required to navigate the often complex governmental and other public health restrictions on travel, gatherings and operations, which vary significantly across international jurisdictions. These restrictions and limitations have affected the Company's ability to have personnel visit customers, perform on-site services, provide and receive training, meet face to face to review business results, and plan for the future. While these effects are expected to be temporary, the duration of the various disruptions to our operations locally and internationally and the related financial impact cannot be reasonably estimated at this time.

Government Regulation

The marketing of the Company's products into clinical IVF laboratories is subject to regulatory clearance by the FDA, Health Canada, and other governmental entities. As is the case in many areas of healthcare innovation, the regulations

governing these markets are continually changing, are generally becoming more burdensome and carry risks and uncertainties. In addition, while some regulatory schemes require a single registration/clearance, others require periodic renewals. As a small company experiencing global growth in many markets, there may at times be conflicting regulatory compliance priorities or other challenges which could impact Hamilton Thorne's ability to commercialize its technologies in a timely manner or in-line with market needs, and any delay in, or failure to receive or maintain market clearance, approval or renewal for its existing products or new products could adversely impact future performance or revenue. Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on the Company, could dissuade some clinics from using its products and adversely affect its reputation and the perceived safety and efficacy of its products.

The European Union regulatory bodies have finalized a new Medical Device Regulation ("MDR"), which replaced the existing Medical Device Directives ("MDD") and provided a multiyear framework for transition and compliance. The MDR will change several aspects of the existing regulatory framework, such as updating clinical data requirements and introducing new ones, such as Unique Device Identification ("UDI"). There are currently a limited number of Notified Bodies qualified to oversee compliance to the new MDR. We may face significant uncertainties and delays as the MDR is rolled out and enforced by the European Union's Competent Authorities, creating risks in several areas, including the CE Marking process and data transparency, in the upcoming years.

The Company's business may also be affected in varying degrees by changes to government regulation of intellectual property or export controls. Such changes are beyond the control of the Company and the effect of any such changes cannot be predicted.

The Company conducts its business internationally and is subject to laws and regulations of several countries, which may affect its ability to access regulatory agencies and may affect the enforceability and value of its intellectual property rights. There can be no assurance that any sovereign government, including Canada's or the United States', will not establish laws or regulations that will be deleterious to the Company's interests. There is no assurance that the Company, as a Canadian corporation, will continue to have access to the regulatory agencies in any jurisdiction where it might want to obtain final regulatory approval, and there can be no assurance that the Company will be able to enforce its intellectual property rights in foreign jurisdictions.

In June 2022, the U.S. Supreme Court reversed Roe v. Wade by holding that there is no constitutional right to abortion in the United States. So-called "trigger laws" that have been enacted by certain states to regulate or restrict abortion may also implicate fertility procedures. The enactment of those trigger laws, or future rulemaking, court decisions or laws restricting abortion care or restricting or regulating fertility services may conflict with, and ultimately limit, the types of fertility treatment services available at clinics, which may decrease the demand for the products and services that Hamilton Thorne offers. The Company cannot predict the timing or impact of any future rulemaking, court decisions or other changes in the law, or how such laws, once enacted, would be interpreted and enforced.

International Trade Risks

A significant portion of Hamilton Thorne's total revenues are derived from the sale of products and services outside its home markets. Given the trade tensions between the US and China, there is significant political uncertainty at this time as to the continued status of trade between certain countries where Hamilton Thorne does business. Greater restrictions on free trade generally or the imposition by countries of tariffs or other non-tariff barriers could have a negative effect on the Company's ability to export its products and/or receive payment in a timely manner. Changes in social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently develop, manufacture and sell products, as well as the general uncertainty and possible market volatility resulting from the foregoing could adversely affect our business.

Governments have, from time to time, established foreign exchange controls which could have a material adverse effect on the Company's business and financial condition, since such controls may limit its ability to flow funds or products into a particular country to meet its obligations under distribution agreements and to flow funds, which the Company is entitled to, in the form of sales proceeds, out of a particular country.

Limited Operating History in Certain Markets

The Company is a small company focused on commercializing, marketing and selling products in the ART, research, and cell biology markets. Its operating history in some of these markets is limited. Certain products are only in the early stages of development. An investor should evaluate the likelihood of financial and operational success in light of the uncertainties and complexities present in an early-stage company, many of which are beyond the Company's control, including: (i) the Company's potential inability to distribute, sell and market its products; and (ii) the significant investment to achieve its commercialization, marketing and sales objectives. Many of the Company's target markets are relatively new and its long-term growth prospects are uncertain. Should these markets fail to expand, it could have a materially adverse effect on the Company's business and financial condition.

Animal Facilities

Many of the Company's customers, as well as Embryotech, operate animal breeding facilities for food production and research. The biological samples, animal models and other materials used in these operations must be free of certain infectious agents such as certain viruses and bacteria because the presence of these contaminants could adversely impact human or animal health and can distort or compromise the quality of testing results. The presence of infectious agents in our animal facility could disrupt our operations, harm our reputation and result in decreased sales. If they occur, contaminations typically require cleaning up, renovating, disinfecting, retesting, and restarting production or services. Such cleanups result in inventory loss, cleanup and start-up costs, and reduced sales as a result of lost client orders and potentially credits for prior shipments. There also exists a risk that contamination from our products or personnel working on site may affect our client's facilities, with similar impact to them for which we could be liable for damages. The testing services that we provide our clients are essential to IVF product development and manufacturing processes and are typically mandated by law. Notwithstanding, certain special interest groups categorically object to the use of animals for valid research and testing purposes. Historically, our core testing models including mice, hamsters and other rodents have not been the subject of significant animal rights media attention. Any negative attention, threats or acts of vandalism directed against either our animal facilities or our third-party service providers in the future could impair our ability to operate our business efficiently.

History of Losses

While the Company has been profitable since 2013, it has a history of losses and cannot predict if it will continue to achieve profitability for the foreseeable future. Its ability to continue to generate profits in the future will depend on a number of factors, including: (i) its ability to grow sales based on the continued market demand for its existing products and expected demand for additional products; (ii) costs relating to the commercialization, sale and marketing of its products; (iii) general and administrative costs relating to its operations; (iv) research and development costs; (v) charges related to purchases of technology or other assets; and (vi) interest and other financing expenses.

Foreign Private Issuer Status

The Company is required to assess its "foreign private issuer" status under US securities laws on an annual basis at the end of its second quarter. If the Company were to lose its status as a "foreign private issuer" and be required to fully comply with both US and Canadian securities and accounting requirements applicable to domestic issuers in each country, it could incur additional general and administrative compliance costs and have restricted access to

capital markets for a period of time until it has the required approvals in place from the Securities and Exchange Commission.

United States Tax Classification

The Corporation is formed in Canada and, as a result, would generally be classified as a "foreign corporation" under the general rules of U.S. federal income taxation. Section 7874 of the US Internal Revenue Code, however, contains rules that can cause such a non-United States corporation to be treated as a "domestic corporation" for U.S. federal income tax purposes. Under Section 7874 of the Code, a corporation created or organized outside the United States will nevertheless be treated as a domestic corporation for U.S. federal income tax purposes, if (i) the corporation (the "acquiring corporation") acquires, directly or indirectly, or is treated as acquiring under applicable U.S. Treasury regulations, substantially all of the assets held, directly or indirectly, by a domestic corporation (the "acquired corporation"), (ii) after the acquisition, the former stockholders of the acquired corporation hold at least 80% (by vote or value) of the shares of the acquiring corporation by reason of holding shares of the acquired corporation, and (iii) after the acquisition, the acquiring corporation's expanded affiliated group does not have substantial business activities in the acquiring corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

Pursuant to Section 7874 of the Code, if the Corporation is classified as a domestic corporation for United States federal income tax purposes and is subject to United States federal income tax on its worldwide income. Regardless of any application of Section 7874 of the Code, however, the Company expects to be treated as a Canadian resident company for purposes of the Income Tax Act (Canada), as amended. As a result, the Corporation will be subject to taxation both in Canada and the United States on a residence basis which could have a material adverse effect on its financial condition and results of operations. In addition, securityholders who are Canadian tax residents may be subject to U.S. withholding tax on payments made on those securities, and securityholders who are U.S. tax residents may be subject to Canadian withholding tax on payments made on those securities.

Risks Related to the Securities of the Company

Stock Price Volatility

The Common Shares trade on the TSX Venture Exchange (under the symbol HTL). The Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market in the Common Shares and it is possible that an active and liquid trading market will not develop or be sustained. The price of Common Shares and listed warrants may fluctuate in response to a number of events, including but not limited to: (i) the Company's operating results; (ii) future announcements concerning the business of the Company or of its competitors; (iii) the failure of securities analysts to cover the Company and/or changes in financial forecasts and recommendations by securities analysts; (iv) actions of the Company's suppliers; (v) actions of directors and officers regarding purchases and sales of Common Shares; (vi) general market, economic and political conditions; (vii) natural disasters, terrorist attacks and acts of war; and (viii) the other risks described in this "Risk Factors" section.

Future Share Sales

Additional equity financings or other share issuances by the Company could adversely affect the market price of the Common Shares. Sales by existing shareholders of a large number of Common Shares in the public market and the sale of Common Shares issued in connection with acquisitions or strategic alliances, or the perception that such additional sales could occur, could cause the market price of the Common Shares to decline.

Fluctuating Financial Results

The Company's financial results may vary significantly from period to period. The financial results may fluctuate as a result of a number of factors that may be outside of the Company's control, which may cause the market price of the

Common Shares to decline. For these reasons, comparing the Company's operating results on a period-to-period basis may not be meaningful, and an investor should not rely on past results as an indication of future performance. Financial results may be negatively affected by any of the risk factors listed in this "Risk Factors" section.

Public Markets and Share Prices

The market price of the Common Shares on the TSXV could be subject to significant fluctuations in response to variations in Hamilton Thorne's operating results or other factors. In addition, fluctuations in the stock market may adversely affect the market price of the Common Shares on the TSXV regardless of the operating performance of Hamilton Thorne. Securities markets have also experienced significant price and volume fluctuations from time to time. In some instances, these fluctuations have been unrelated or disproportionate to the operating performance of issuers. Market fluctuations may adversely impact the market price of the Common Shares on the TSXV.

Additional Issuances and Dilution

Hamilton Thorne may issue and sell additional securities of Hamilton Thorne to finance its operations. Hamilton Thorne cannot predict the size or type of future issuances of securities of Hamilton Thorne or the effect, if any, that future issuances and sales of securities will have on the market price of any securities of Hamilton Thorne issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of Hamilton Thorne, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Hamilton Thorne issued and outstanding from time to time. With any additional sale or issuance of securities of Hamilton Thorne, holders will suffer dilution with respect to voting power and may experience dilution in Hamilton Thorne's earnings per share.

Share Consolidation

At the Company's most recent annual meeting, shareholders approved a resolution providing for the consolidation (the "**Consolidation**") of the Company's issued and outstanding Common Shares at a consolidation ratio, to be determined by the Board of Directors in its sole discretion. There can be no assurance: (i) that the Company will complete the Consolidation; (ii) that any increase in the market price per Common Share resulting from the Consolidation will be sustainable or that it will equal or exceed the direct arithmetical result of the Consolidation since there are numerous factors and contingencies which could affect such price, including the status of the market for the Common Shares at the time, the Company's reported results or operation in future periods and general economic, geopolitical, stock market and industry conditions; and (iii) that the total market capitalization of the Company (the aggregate value of all Common Shares at the market price then in effect) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation.