Unaudited Financial Statements and Management's Discussion & Analysis

For the quarterly period ended November 30, 2024

BIOQUAL, INC.

Prepared by:

Chris Kirk
Chief Financial Officer

BIOQUAL, INC.

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BIOQUAL, INC.

UNAUDITED BALANCE SHEETS, NOVEMBER 30, 2024 AND MAY 31, 2024

ASSETS	**November 30, 2024**	May 31, 2024
CURRENT ASSETS:		
Cash and cash equivalents	**$ 11,463,663**	$ 15,594,090
Accounts receivable:		
Trade	**14,889,948**	12,963,609
Unbilled – current	**901,755**	881,968
Prepaid expenses	**2,823,631**	1,434,448
Total current assets	**30,078,997**	30,874,115
PROPERTY AND EQUIPMENT:		
Leasehold improvements	**12,059,053**	11,978,789
Furniture, fixtures and equipment	**19,362,038**	19,241,189
Total	**31,421,091**	31,219,978
Less accumulated depreciation and amortization	**(21,556,946)**	(20,346,774)
Property and equipment, net	**9,864,145**	10,873,204
OTHER ASSETS:		
Security deposits	**18,551**	18,551
Goodwill	**1,028,408**	1,028,408
Operating lease right-of-use assets	**17,135,094**	13,770,302
Deferred income tax asset	**23,300**	23,300
Total other assets	**18,205,353**	14,840,561
TOTAL	**$ 58,148,495**	$ 56,587,880
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	**$ 1,432,509**	$ 1,379,556
Accrued compensation and related liabilities	**1,203,486**	2,274,558
Operating lease liabilities, current	**3,380,534**	3,586,985
Deferred revenue	**2,037,174**	446,416
Total current liabilities	**8,053,704**	7,687,515
Deferred income taxes	**-**	-
Operating lease liabilities, non-current	**14,779,635**	11,250,474
Total liabilities	**22,833,339**	18,937,989
STOCKHOLDERS' EQUITY		
Preferred stock - par value of $1.00 per share; 500,000 shares authorized; no shares issued and outstanding		
Common stock - par value of $.01 per share; 5,000,000 shares authorized; 1,599,408 shares issued; 894,416 shares outstanding	**15,994**	15,994
Additional paid-in capital	**7,364,934**	7,364,934
Retained earnings	**28,975,468**	31,310,203
Treasury stock, at cost	**(1,041,240)**	(1,041,240)
Total stockholders' equity	**35,315,156**	37,649,891
TOTAL	**$ 58,148,495**	$ 56,587,880

See Management’s Discussion and Analysis.

BIOQUAL, INC.
UNAUDITED STATEMENTS OF OPERATION
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND NOVEMBER 30, 2023

	2024	2023
REVENUES:		
Contract revenues	**$ 11,395,438**	$ 15,869,404
Total Revenues	**11,395,438**	15,869,404
OPERATING EXPENSES:		
Contract	**11,509,066**	13,333,042
General and administrative	**1,705,923**	1,973,916
Total Operating Expenses	**13,214,989**	15,306,958
OPERATING INCOME (LOSS)	**(1,819,551)**	562,446
INTEREST INCOME	**147,149**	106,115
INCOME (LOSS) BEFORE INCOME TAXES	**(1,672,402)**	668,561
BENEFIT (PROVISION) FOR INCOME TAXES	**460,200**	(183,900)
NET INCOME (LOSS)	**$ (1,212,202)**	$ 484,661
BASIC EARNINGS PER SHARE	**$ (1.36)**	$ 0.54
DILUTED EARNINGS PER SHARE	**$ (1.36)**	$ 0.54
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR BASIC EARNINGS PER SHARE	**894,416**	894,416
EFFECT OF DILUTIVE SECURITIES – OPTIONS	**(22)**	(26)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**894,394**	894,390

See Management's Discussion and Analysis.

BIOQUAL, INC.
UNAUDITED STATEMENTS OF OPERATION
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND NOVEMBER 30, 2023

	2024	2023
REVENUES:		
Contract revenues	**$ 23,165,920**	$ 31,448,326
Total Revenues	**23,165,920**	31,448,326
OPERATING EXPENSES:		
Contract	**22,842,270**	25,888,154
General and administrative	**3,274,800**	3,830,551
Total Operating Expenses	**26,117,070**	29,718,705
OPERATING INCOME (LOSS)	**(2,951,150)**	1,729,621
INTEREST INCOME	**346,923**	180,123
INCOME (LOSS) BEFORE INCOME TAXES	**(2,604,227)**	1,909,744
BENEFIT (PROVISION) FOR INCOME TAXES	**716,700**	(525,600)
NET INCOME (LOSS)	**$ (1,887,527)**	$ 1,384,144
BASIC EARNINGS PER SHARE	**$ (2.11)**	$ 1.55
DILUTED EARNINGS PER SHARE	**$ (2.11)**	$ 1.55
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR BASIC EARNINGS PER SHARE	**894,416**	894,416
EFFECT OF DILUTIVE SECURITIES – OPTIONS	**(17)**	(18)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE	**894,399**	894,398

See Management's Discussion and Analysis.

BIOQUAL, Inc.

Unaudited Statements of Stockholders' Equity

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total
Balance, June 1, 2024	1,599,408	$ 15,994	704,992	$ (1,041,240)	$ 7,364,934	$ 31,310,203	$ 37,649,891
Dividend declared - $0.50 per share	-	-	-	-	-	(447,208)	(447,208)
Net Loss	-	-	-	-	-	(1,887,527)	(1,887,527)
Balance November 30, 2024	1,599,408	$ 15,994	704,992	$ (1,041,240)	$ 7,364,934	$ 28,975,468	$ 35,315,156

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total
Balance, June 1, 2023	1,599,408	$ 15,994	704,992	$ (1,041,240)	$ 7,364,934	$ 31,273,930	$ 37,613,618
Dividend declared - $0.50 per share	-	-	-	-	-	(447,208)	(447,208)
Net Income	-	-	-	-	-	1,384,144	1,384,144
Balance November 30, 2023	1,599,408	$ 15,994	704,992	$ (1,041,240)	$ 7,364,934	$ 32,210,866	$ 38,550,554

BIOQUAL, INC.
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND NOVEMBER 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	$ (1,887,527)	$ 1,384,144
Adjustments to reconcile net (loss) income to cash provided by (used in) operating activities:		
Depreciation and amortization	$ 1,210,172	1,280,484
Non-cash lease expense	$ 3,556,654	1,841,269
(Increase) decrease in		
Accounts receivable	$ (1,946,126)	1,850,950
Prepaid expenses	$ (1,389,183)	50,277
Security deposits	$ -	
Increase (decrease) in		-
Accounts payable	$ 52,953	(95,491)
Accrued compensation and related liabilities	$ (1,071,072)	(370,876)
Operating lease liabilities	$ (3,598,736)	$ (1,850,869)
Deferred revenue	$ 1,590,758	$ (509,736)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (3,482,107)	$ 3,580,152
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	$ (201,112)	$ (250,336)
NET CASH USED BY INVESTING ACTIVITIES	$ (201,112)	$ (250,336)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend paid	$ (447,208)	$ (447,208)
NET CASH USED BY FINANCING ACTIVITIES	$ (447,208)	$ (447,208)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (4,130,427)	$ 2,882,608
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	$ 15,594,090	$ 7,279,356
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 11,463,663	$ 10,161,964
Cash paid during the period for:		
Income Taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Recognition of ROU asset	$ 6,921,446	$ -
Recognition of operating lease liability	$ 7,107,546	$ -
Derecognition of ROU asset	$ 1,618,885	$ -
Derecognition of operating lease liability	$ 1,804,976	$ -

See Management's Discussion and Analysis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Interim Financial Statements

In the opinion of management, all adjustments consisting only of normal recurring accruals necessary for a fair presentation of such amounts have been included. The results of operations for the quarter are not necessarily indicative of results for the year.

Items of Note

In the second quarter of fiscal year 2025, which commenced on September 1, 2024, the Company realized a net loss of $1,212,202, a 350% decrease compared to net income of $484,661 for the second quarter of fiscal year 2024. The net loss for the first six months of fiscal year 2025 totaled $1,887,527, a 236% decrease compared to the net income of $1,384,144 for the first six months of fiscal year 2024. See Results of Operations below for more detail on the decrease in net income.

During the second quarter of fiscal year 2025, the National Institute of Allergy and Infectious Diseases (NIAID) provided $9,159,568 of funding for the fifth option year of the contract entitled "Animal Care and Laboratory Support Services to the Vaccine Research Center". The seven-year contract has a maximum potential funding amount of $69,174,672 including all options. The cumulative funding of the contract increased from $42,303,518 to $51,463,086. The funding covers costs incurred from September 28, 2024, through September 27, 2025. There are, however, no assurances that any other options will be exercised under this contract.

On October 23, 2024, the Company held its Annual Meeting of Shareholders (the "Annual Meeting"). Set forth below are the proposals voted upon at the Annual Meeting and the final voting results.

As of the close of business on September 13, 2024, the record date for the Annual Meeting, 894,416 shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), were outstanding and entitled to vote. 806,519 shares of Common Stock were voted in person or by proxy at the Annual Meeting, representing 90.17% percent of the shares entitled to be voted.

Proposal 1 – Election of Directors. The Company's shareholders elected each of the directors listed below to serve on the Board until the Company's next Annual Meeting of shareholders or until their successors have been duly elected or appointed, as set forth below.

Director	For	Withheld	Non Votes
Mark G. Lewis, Ph.D.	799,943	6,576	-
Charles C. Francisco	799,911	6,592	-
Charles F. Gauvin	799,927	6,592	-
Michael P. O'Flaherty	804,893	1,626	-
David B. Landon, Ph.D.	804,893	1,610	-
Vivek R. Shinde Patil, Ph.D.	804,909	1,610	-
David Newcomer	799,943	6,576	-

Proposal 2 – Ratification of Independent Auditors. The Company's shareholders ratified the Company's selection of Aprio, LLP to serve as the Company independent auditors for the fiscal year ending May 31, 2025.

For	Against	Abstain
801,303	4,966	250

Based on fiscal year 2024 earnings, the Board of Directors declared a cash dividend of $0.50 per share for shareholders of record on October 7, 2024. The dividend was paid on October 28, 2024. This amount is the same as the $0.50 per share cash dividend paid on October 27, 2023.

Results of Operations

Three Months Comparison

The $4,473,966 decrease in revenues to $11,395,438 for the quarter ended November 30, 2024, compared to $15,869,404 for the quarter ended November 30, 2023, is primarily the result of a decrease in contract activity in commercial contracts of approximately $3,558,000 compared to the second quarter of the previous fiscal year. Additionally, there was a decrease in revenue generated by government contracts of approximately $422,000 and a decrease in revenues for grants of approximately $494,000 compared to the second quarter of the previous fiscal year.

The $1,823,976 decrease in contract operating expenses for the quarter ended November 30, 2024, primarily reflects decreases in labor and materials compared to the second quarter of the last fiscal year.

The $267,933 decrease in General and Administrative (G&A) expenses for the quarter ended November 30, 2024, primarily reflects decreases in labor and dues and subscriptions compared to the second quarter of the last fiscal year.

The $2,381,997 decrease in operating income primarily reflects lower revenue offset by decreases in labor and materials compared to the second quarter of the last fiscal year.

Six Months Comparison

The $8,282,406 decrease in revenues to $23,165,920 for the six months ended November 30, 2024, compared to $31,448,326 for the six months ended November 30, 2023, is primarily the result of a decrease in contract activity in commercial contracts of approximately $7,467,000 compared to the first six months of the previous fiscal year. Additionally, there was a decrease in revenue generated by government contracts of approximately $439,000 and a decrease in revenues for grants of approximately $377,000 compared to the first six months of the previous fiscal year.

The $3,045,884 decrease in contract operating expenses for the six months ended November 30, 2024, primarily reflects decreases in labor and materials due to the reduced volume of work compared to the first six months of the previous year.

The $555,751 decrease in General and Administrative (G&A) expenses for the six months ended November 30, 2024, primarily reflects decreases in administrative labor costs, temporary labor, and dues and subscriptions compared to similar costs incurred in the first six months of the previous fiscal year.

The $4,650,771 decrease in operating income primarily reflects lower revenue partially offset by the decrease in labor and other costs described above compared to the first six months of the last fiscal year.

See the risks and uncertainties section of the notes to financial statements for more information about the increased costs of staffing described in the paragraphs above.

Liquidity and Capital Resources

During the first six months of fiscal year 2025, the Company directed approximately $201,000 towards capital expenditures compared to approximately $250,000 in the first six months of fiscal year 2024. These expenditures were necessary to provide additional equipment for research being performed in the Company's laboratories. The Company has been able to continue to fund all of these expenditures through the use of available cash provided by profits from prior periods.

During the 3rd and 4th quarters of fiscal year 2025, the Company estimates the aggregate purchase price of equipment to upgrade older equipment and to enhance its capabilities will total approximately $200,000.

The Company is obligated, as lessee, under non-cancellable operating leases covering its facilities and certain equipment at various dates through 2031. Operating lease costs for the first six months of fiscal year 2025 was approximately $2,218,000. As of November 30, 2024, the total lease payments were approximately $20,804,000 through 2031.

Other than the items mentioned above, the Company does not anticipate other substantial capital and other expenditures during fiscal year 2025. However, if the Company is awarded new contracts that require additional equipment or animal enclosures during that period, the Company believes it will have sufficient capital resources to provide for the purchase of the equipment.

BIOQUAL has a $2,000,000 line of credit with M&T Bank available to help cover costs of its daily operations. The line of credit is due on demand and renewable annually. As of November 30, 2024,

there was no balance due on the line of credit. The interest rate on funds drawn on the line of credit is the prime rate plus .25%, which as of November 30, 2024, was 8.00%. On November 30, 2024, the Company had a balance of cash and cash equivalents of $11,463,663. With the above line of credit and the cash resources expected to be available as a result of collection of accounts receivable, the Company believes it will have sufficient capital resources to provide for daily operations and its capital needs through the end of fiscal year 2025.

The following provides additional information on select balance sheet items 1) the $1,926,339 increase in trade receivables reflects the issuance of multiple prebilling invoices in the first six months of the fiscal year per client requests; 2) the $1,590,758 increase in deferred revenue reflects the high volume of prebilling that occurred in the first six months of the fiscal year referred to in (1) above; 3) the additional $1,389,183 in prepaid expenses reflects an increase in prepaid corporate taxes and fulfillment costs; and 4) the $1,071,072 decrease in accrued compensation and related liabilities primarily reflects the payment of the accrued fiscal year 2024 bonuses.

Notes to financial statements

Risks and uncertainties

During the pandemic, to keep up with the increased number of contracts and the increased complexity of the COVID-related contracts, the Company increased its workforce by approximately 40%, taking employee turnover into consideration. Post-pandemic as the workload decreased, the Company has had to reduce the workforce accordingly to realign the cost structure. During the second quarter of fiscal year 2025, the Company implemented a reduction in workforce (RIF) of approximately 10% of its employees effective September 9, 2024. The Company believes that this reduction in staff will not hinder the completion of any of its work and will have a positive effect on the results of operations. The cost-saving impact of the RIF was not fully realized in the second quarter of fiscal year 2025 due to the payout of unused vacation and severance pay for the affected employees. Based on the latest operating results, the Company will determine what additional realignment of the cost structure is necessary.

A significant part of the research support services provided by BIOQUAL require the use of nonhuman primates, which continue to be difficult to procure. The Company continues to work closely with its suppliers and is committing (providing cash deposits) to the purchase of nonhuman primates as soon as they become available in order to have a pipeline of animals for future studies. China, a major breeder and supplier of nonhuman primates, ceased exporting nonhuman primates in 2020. The resumption of exporting nonhuman primates by China would help alleviate the shortage of this important component of infectious disease research; however, there is no assurance that this will happen, and a continued shortage of nonhuman primates could adversely affect the Company's ability to perform new projects.

Leases

The Company enters into leases as a lessee for certain buildings and equipment. The Company's leases typically have lease terms between three years and ten years and may include one or more renewal options. Under Accounting Standards Codification (ASC) Topic 842, *Leases,* at contract inception the Company determines whether a contract is or contains a lease and whether the lease should be classified as an operating or finance lease. Operating leases balances are included in the operating lease right-of-use assets and operating lease liabilities in the accompanying Balance Sheets

as of November 30, 2024 and May 31, 2024.

The Company recognizes operating lease right-of-use assets and operating lease liabilities based on the present value of the future minimum lease payments over the lease term at the commencement date. The Company uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments and the appropriate lease classification. Many of the Company's leases include renewal options aligned with any extended contract terms. The Company defines the initial lease term to include renewal options determined to be reasonably certain. When the Company adopted ASC 842, it elected not to recognize a right-of-use asset and a lease liability for leases with an initial term of 12 months or less; it recognizes lease expense for these leases on a straight-line basis over the lease term. The Company also elected not to separate lease components from non-lease components and applied this to all material classes of leased assets.

Finance leases are not material to the Company's financial statements and the Company is not a lessor in any material arrangements. The Company does not have any material restrictions or covenants in the lease agreements, sale-leaseback transactions, land easements or residual value guarantees.

The components of total lease cost and other supplemental lease information are presented in the following tables:

	For the Six Months Ended November 30, 2024
Components of lease cost:	
Operating lease costs	2,218,199
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	2,270,215
Lease liabilities arising from obtaining ROU assets (subsequent to adoption)	
Operating leases	4,292,385

Weighted average remaining lease terms and discount rates are presented in the following table:

Weighted average remaining lease term (in years):	November 30, 2024
Operating leases	2.83
Weighted average discount rate (annual):	
Operating leases	5.51%

The following table presents a maturity analysis of the Company's operating liabilities at November 30, 2024

	Operating Leases
Year 1	4,740,048
Year 2	4,657,111
Year 3	4,169,199
Year 4	3,025,840
Year 5	2,223,892
Thereafter	1,987,492
Total lease payments	20,803,583
Less: imputed interest	(2,643,414)
Present value of lease liabilities	18,160,169

Revenue recognition accounting

Billings under cost-based government contracts are calculated using provisional rates which permit recovery of indirect costs. These rates are subject to audit on an annual basis by the government agencies' cognizant audit agency. The cost audits will result in the negotiation and determination of the final indirect cost rates which the Company may use for the years audited. The final rates, if different from the provisional rates, may create a receivable or a liability.

As of November 30, 2024, the Company had negotiated final settlements on indirect cost rates through May 2020. The Company periodically reviews its cost estimates and experience rates. Adjustments, if needed, are made and reflected in the period in which the estimates are revised. In the opinion of management, redetermination of any cost-based contracts for the open years will not have any material effect on the Company's financial position or results of operations.

Changes in estimates related to contracts with performance obligation(s) accounted for using the output method on fixed-price-milestone (FP-M) type contracts, that is primarily based on a proportion of study-related procedures and/or tests, are recognized in the period in which such changes are made on a cumulative catch-up basis. This basis recognizes in the current period the cumulative effect of the changes on current and prior periods based on the performance obligations related proportionate progress towards completion.

For the six months ended November 30, 2024, there were no material modifications recorded related to work previously performed on FP-M type contracts prior to the execution of formal modifications or amendments. A significant change in one or more estimates could affect the profitability of one or more of the performance obligations.

Remaining Performance Obligations: Remaining performance obligations represent the expected value (transaction price) of executed contracts, both funded and unfunded, less revenue recognized to date. Remaining performance obligations do not include future potential purchase or work orders expected to be awarded under Master Service Agreement (MSA) or similar agreements.

As of November 30, 2024, the Company expects to recognize a majority of the remaining performance obligations over the next 12 months.

Disaggregation of Revenues: The Company disaggregates revenue by customer-type and contract-type as these categories best represent how the nature, timing and lack of certainty of the Company’s revenue and cash flows are affected by the U.S. government procurement environment and economic factors.

Disaggregated revenue by customer-type and contract type was as follows:

Disaggregated revenue:

Revenue by Customer Type and Contract Type	Three Months Ended November 30, 2024	Six Months Ended November 30, 2024
National Institutes of Health (NIH)		
Cost-Plus-Fixed-Fee	$ 3,165,294	$ 6,112,376
Fixed-Price-Per-Unit and Time-And-Materials	-	135,149
Total National Institutes of Health	3,165,294	6,247,525
Commercial and Other		
Cost-Plus-Fixed-Fee	26,909	51,308
Fixed-Price-Per-Unit and Time-And-Materials	8,067,467	16,469,649
Fixed-Price-Milestone	135,768	397,438
Total Commercial and Other	8,230,144	16,918,395
Total Revenues	$ 11,395,438	$ 23,165,920

Cost-plus-fixed-fee (CPFF) contracts are generally lower risk and have lower profits. Time-and-materials (T&M) and fixed-price-per-unit (FP-U) contracts are also low risk, but profits may vary depending on actual labor costs compared to negotiated contract billing rates. FP-M contracts offer the potential for higher profits while increasing the Company's exposure to risk of cost overruns.

Contract Assets and Liabilities: Contract assets include unbilled contract receivables, which is the amount of revenue recognized that exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Contract assets also include incremental fulfillment costs where, under certain fixed-price contracts, costs are usually incurred at the beginning of the contract performance, where the single performance obligation has not yet been completely satisfied. Contract liabilities consist of deferred revenue.

The components of contract assets and contract liabilities consisted of the following:

Contract asset and liabilities:

		November 30, 2024	June 1, 2024
Contract assets:	Balance sheet line item:		
Unbilled contract receivables [1]	Accounts receivable	$ 901,755	$ 881,968
Fulfillment costs	Prepaid expenses	597,374	157,909
		$ 1,499,129	$ 1,039,877
Contract liabilities:	Balance sheet line item:		
Deferred revenue	Deferred revenue	$ 2,037,174	$ 446,416

[1] Balances include primarily timing differences between what the Company has billed or has the right to bill as of the period end as compared with the revenue recognized, on FP-M and CPFF type contracts.

As of December 1, 2023, contract assets which consisted of unbilled contract receivables and fulfillment costs, were $1,714,312 and $1,036,173, respectively. As of December 1, 2023 billed receivables were $17,076,250. Additionally, as of December 1, 2023, contract liabilities, which consisted of deferred revenue, was $447,139.

As of June 1, 2023, contract assets which consisted of unbilled contract receivables and fulfillment costs, were $3,189,883 and $676,250, respectively. As of June 1, 2023 billed receivables were $17,451,629. Additionally, as of June 1, 2023, contract liabilities, which consisted of deferred revenue, was $956,875.

The increase in "Contract assets" was primarily due additional fulfillment costs being capitalized on certain contracts. The increase in "Contract liabilities- current" was primarily due to prebilling certain FP-M contracts.

During the six months ended November 30, 2024, the Company recognized revenue of approximately $322,000 relating to amounts that were included as a contract liability at June 1, 2024.

During the six months ended November 30, 2024, the Company recognized approximately $210,000 of amortization related to its fulfillment costs. The Company did not recognize any impairment losses on contract assets for the six months ended November 30, 2024.

Forward Looking Information

Statements herein that are not descriptions of historical facts are forward-looking and subject to risks and uncertainties. The forward-looking statements are neither promises nor guarantees, and one should not place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, many of which are beyond the Company's control and which could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including risks relating to the ability to continue to extend current government contracts; the Company's ability to obtain new government or commercial contracts; continued demand for the use of animal models in scientific research; the Company's ability to obtain sufficient numbers of animal models; the availability of adequate numbers of employees; the Company's ability to perform under its contracts in accordance with the requirements of the contracts; the actual costs incurred in performing the Company's contracts and its ability to manage its costs, including its capital expenditures; dependence on third parties; future capital needs; the ability to fund its capital needs through the use of its cash on hand and line of credit; and the future availability and cost of financing/capital sources to the Company.

BIOQUAL, Inc.

A Delaware Corporation

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SIC Code: 8731 - Commercial Physical and Biological Research

Quarterly Report
For the Period Ending: November 30, 2024

As of November 30, 2024, the current reporting period date, the number of shares outstanding of our Common Stock was:

894,416

As of May 31, 2024, the prior quarter period end date, the number of shares outstanding of our Common Stock was:

894,416

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934): Yes ____ No X

Indicate by check mark whether the company's shell status has changed since the previous reporting period: Yes ____ No X

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period: Yes ____ No X

BIOQUAL, Inc.

Information and Disclosure for the quarter ended November 30, 2024

The Company voluntarily reports information through the OTC Markets platform. This disclosure statement ("Disclosure Statement") constitutes part of the Company's voluntary reporting and should be read in conjunction with other filings by the Company.

FORWARD LOOKING STATEMENTS

Statements herein that are not descriptions of historical facts are forward-looking and subject to risks and uncertainties. The forward-looking statements are neither promises nor guarantees, and one should not place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, many of which are beyond the Company's control and which could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including risks relating to the ability to continue to extend current government contracts; the Company's ability to obtain new government or commercial contracts; continued demand for the use of animal models in scientific research; the Company's ability to obtain sufficient numbers of animal models; the availability of adequate numbers of employees; the Company's ability to perform under its contracts in accordance with the requirements of the contracts; the actual costs incurred in performing the Company's contracts and its ability to manage its costs, including its capital expenditures; dependence on third parties; future capital needs; the ability to fund its capital needs through the use of its cash on hand and line of credit; and the future availability and cost of financing/capital sources to the Company.

1) Name of the issuer and its predecessors (if any)

BIOQUAL, Inc., prior to January 1, 2000, known as Diagnon Corporation.

BIOQUAL, Inc. was incorporated on June 15, 1981, in the state of Delaware. BIOQUAL's current standing in the state of Delaware is active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception: None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: None

The address of the issuer's principal executive office:

BIOQUAL, Inc.
9620 Medical Center Dr.
Suite 310
Rockville, MD 20850

The addresses of the issuer's principal place of business:

BIOQUAL, Inc.
9600 Medical Center Dr., Suite 101
Rockville, MD 20850

BIOQUAL, Inc.
12301 Parklawn Dr.
Rockville, MD 20852

BIOQUAL, Inc.
2501 Research Blvd.
Rockville, MD 20850

BIOQUAL, Inc.
1330 Piccard Dr., Suite 202
Rockville, MD 20850

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years: Yes ____ No X

2) Security Information

Transfer Agent

Computershare, Inc.
1-800-305-9404
www.computershare.com
P.O. Box 43078
Providence, RI 02940

Trading Symbol: BIOQ
Exact title and class of securities outstanding: Common Stock
CUSIP: 09065J101
Par or Stated Value: $.01
Total shares authorized: 5,000,000 as of November 30, 2024
Total shares outstanding: 894,416 as of November 30, 2024
Total number of shareholders of record: 140 as of November 30, 2024

Security Description:

1. Common equity dividend, voting and preemption rights.

   Dividends - Each share of Common Stock issued and outstanding shall be identical in all respects one with the other, and no dividends shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment.

   Voting – Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held on all matters as to which holders of Common Stock shall be entitled to vote.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions. N/A

3. Describe any other material rights of common or preferred stockholders. N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report. N/A

3) Issuance History

A. Changes to the Number of Outstanding Shares

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any subsequent interim period.

On August 27, 2020, the Company's Board of Directors adopted the Company's 2020 Stock Incentive Plan (the "2020 Plan"). The purpose of the 2020 Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors, and employees whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate an active interest of these persons in the Company's development and financial success. Under the 2020 Plan, the Company was authorized to issue up to 500,000 shares of Common Stock, including incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights ("SARs"), performance shares, restricted stock, and long-term incentive awards. The 2020 Plan was approved by the Company's shareholders at the Annual Meeting of Shareholders on October 21, 2020.

On November 25, 2020, the Board determined that it would be in the best interest of the Company's shareholders and therefore resolved to amend the Stock Incentive Plan by reducing the number of shares that may be issued pursuant to the Plan from 500,000 to 180,000 shares of the Company's common stock and to increase the percentage of shares that may be issued as Incentive Stock Options from 5 percent of the then issued and outstanding common stock of the Company to 20 percent of such common stock. The amendments described above were approved by a majority of the Company's shareholders at the Annual Meeting of Shareholders held on October 27,2021.

Check to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: __X__

B. Promissory and Convertible Notes

Check if there are no outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities: X____

4) Issuer's Business, Products and Services

A. Description of the issuer's business operations:

BIOQUAL, Inc., formerly Diagnon Corporation (the "Company" or "BIOQUAL"), was founded in 1981 to develop, produce and sell diagnostic test kits incorporating monoclonal antibodies to diagnose certain anemias, infections, and parasitic diseases. In fiscal year 1988, the Company discontinued the diagnostic test kit segment of its business to concentrate on and to expand its contract research base with the National Institutes of Health (NIH).

On December 31, 1999, Diagnon Corporation ("Diagnon") changed its name to BIOQUAL, Inc. The name change was effected as a result of the merger of Diagnon and its wholly - owned subsidiary, BIOQUAL, Inc., with Diagnon being the surviving

corporation. In the merger, Diagnon adopted the name BIOQUAL, Inc. as the name of the surviving entity.

The Company currently performs contract research services primarily focused on animal models of human diseases including AIDS, influenza, Respiratory Syncytial Virus (RSV) infection, Coronavirus infections (including COVID-19), Flavivirus infections (including Zika and Dengue), malaria, hepatitis, cancer, and other emerging infectious diseases. The Company is actively involved in the evaluation of vaccines, vaccine therapeutics, microbicides, and drug therapies.

B. List any subsidiaries, parent company, or affiliated companies: None

C. Describe the issuer's principal products or services:

The Company currently performs contract research services primarily focused on animal models of human diseases including AIDS, influenza, RSV infection, Coronavirus infections (including COVID-19), Flavivirus infections (including Zika and Dengue), malaria, hepatitis, cancer, and other emerging infectious diseases. The Company also performs *in vitro* contract research services. The Company is actively involved in the evaluation of vaccines, vaccine therapeutics, microbicides, and drug therapies. The Company provides its services to the federal government, universities and the life science and pharmaceutical industries.

5) Describe the Issuer's Facilities

The Company currently leases space in five facilities in Rockville, Maryland, totaling 160,620 square feet. Approximately 129,712 square feet of space used as a vivarium, approximately 21,492 square feet operates as an *In Vitro* laboratory, and the balance (9,416 square feet) serves as office space for the Corporate Headquarters. The Company maintains the condition of its facilities so that each facility is adequate for the performance of the Company's current contractual obligations.

Lease details as of November 30, 2024, for each facility are listed below:

Street Address	City, State	Square Feet	Expiration Date	Options
9620 Medical Center Dr. (Corporate HQ offices)	Rockville, MD	9,416	10/31/2027	5 years
9600 Medical Center Dr. (Labs and Vivarium)	Rockville, MD	37,274	10/31/2027	5 years
12301 Parklawn Dr. (Vivarium)	Rockville, MD	49,185	5/31/2029	none
2501 Research Blvd. (Vivarium)	Rockville, MD	30,000	5/31/2027	5 years
1330 Piccard Dr. (Vivarium)	Rockville, MD	34,745	4/30/2031	5 years

During the first six months of fiscal year 2025, the Company directed approximately $201,000 towards capital expenditures compared to approximately $250,000 in the first six months of fiscal year 2024. These expenditures were necessary to provide additional equipment for research being performed in the Company's laboratories. The Company has been able to continue to fund all of these expenditures through the use of available cash provided by profits from prior periods.

During the 3rd and 4th quarters of fiscal year 2025, the Company estimates the aggregate purchase price of equipment to upgrade older equipment and to enhance its capabilities will total approximately $200,000.

6) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons:

Name of Officer/Director and Control Person	Affiliation with Company	Residential Address	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Notes
Mark G. Lewis	Chairman of the Board, President and CEO	Arlington, VA	1,000	Common	0.11%	
Merrywitch Investment, LLC	Thomas August, Deceased Former Director, Control Person		177,339	Common	19.83%	Company set up by family of Thomas August, Former Director
Charles C. Francisco	Director	Vineyard Haven, MA	3,834	Common	0.43%	
Charles F. Gauvin	Director	New Gloucester, ME	2,167	Common	0.24%	
Michael P. O'Flaherty	Director	Leesburg, VA	18,218	Common	2.04%	
David B. Landon	Director	Walpole, MA	3,665	Common	0.41%	David B. Landon is the son of John C. Landon, Deceased Former Chairman of the Board, CEO, and President of BIOQUAL
Vivek Shinde Patil	Director	Arlington, VA	0	Common	0%	
Mitchell L. Franklin	Chief Operating Officer, Secretary	Germantown, MD	0	Common	0%	
Charles C. Kirk, Jr	Chief Financial Officer	Silver Spring, MD	0	Common	0%	
Hanne A. Elyard	Chief Science Officer	Poolesville, MD	0	Common	0%	
David A. Newcomer	Director	Germantown, MD	2,718	Common	0.30%	
Lancatske LLC	John Landon, Former Chairman of the Board, CEO, President, and Control Person		155,764	Common	17.42%	Company set up by family of John Landon, Former Chairman of the Board, CEO, and President
Thomas A. Satterfield, Jr.	Control Person	Mountain Brook, AL	341,092	Common	38.14%	

7). Legal/Disciplinary History

A. None of the forgoing persons have, in the past ten years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. A regulatory complaint or proceeding that could result in a "yes" answer to part 3 above: or

5. The entry of an order by self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities; or

6. A U.S. Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S. mail.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

8) Third Party Service Providers

Please provide the name, address, telephone number and email address of each of the following outside providers.

Securities Counsel
Ernest M. Stern, Esq.
Andrew E. Mishkin, Esq.
CM Law PLLC
1701 Pennsylvania Ave NW, Suite 200
Washington, DC 20006
Phone: (202) 255-0873

Email address: amishkin@cm.law

Accountant or Auditor
David H. Semendinger, CPA
Aprio, LLP
111 Rockville Pike, Suite 600
Rockville, MD 20850
Phone: 301-231-6200
Email address: david.semendinger@aprio.com

Investor Relations Consultant
None

Other Service Providers
None

9) Financial Statements

A. This Disclosure Statement was prepared by:

Charles C. Kirk, Jr, C.P.A.
Chief Financial Officer of issuer

B. The following financial statements were prepared in accordance with U.S. GAAP.

C. The financial statements for this reporting period were prepared by:

Charles C. Kirk, Jr, C.P.A.
Chief Financial Officer of issuer

10) Issuer Certification

Principal Executive Officer

I, Mark G. Lewis, President, and Chief Executive Officer, certify that:

1. I have reviewed this Disclosure Statement for BIOQUAL, Inc.;

2. Based on my knowledge, this Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Disclosure Statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Disclosure Statement, fairly present

in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Disclosure Statement.

/s/ Mark G. Lewis Date: January 21, 2025
President and CEO

Principal Financial Officer

I, Charles C. Kirk, Jr., Chief Financial Officer, certify that:

1. I have reviewed this Disclosure Statement for BIOQUAL, Inc.;

2. Based on my knowledge, this Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Disclosure Statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Disclosure Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Disclosure Statement.

/s/ Charles C. Kirk, Jr. Date: January 21, 2025
Chief Financial Officer