UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-39871

SAB BIOTHERAPEUTICS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**85-3899721**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2100 East 54th Street North Sioux Falls, South Dakota	**57104**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (605) 679-6980

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, 0.0001 par value per share	SABS	The Nasdaq Stock Market LLC
Warrants, each exercisable for one share of Common Stock at an exercise price of $11.50 per share	SABSW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of April 28, 2022, the registrant had 42,962,121 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited).

SAB Biotherapeutics, Inc. and Subsidiaries
Consolidated Balance Sheets

	March 31, 2022	December 31, 2021
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 22,408,409	$ 33,206,712
Restricted cash	—	6,338,306
Accounts receivable, net	11,786,420	8,010,708
Prepaid expenses	1,974,908	864,513
Total current assets	36,169,737	48,420,239
Operating lease right-of-use assets	2,351,193	2,615,204
Financing lease right-of-use assets	3,978,116	4,019,322
Property, plant and equipment, net	24,973,432	24,314,455
Total assets	**$ 67,472,478**	**$ 79,369,220**
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 4,981,385	$ 4,458,525
Forward share purchase liability	—	6,338,306
Notes payable	25,013	25,013
Operating lease liabilities, current portion	1,154,680	1,142,413
Finance lease liabilities, current portion	145,898	161,050
Due to related party	—	2,367
Deferred grant income	—	100,000
Income tax payable	92,281	—
Accrued expenses and other current liabilities	11,856,627	12,455,888
Total current liabilities	18,255,884	24,683,562
Operating lease liabilities, noncurrent	1,358,829	1,653,185
Finance lease liabilities, noncurrent	3,728,941	3,762,430
Warrant liabilities	2,870,558	10,720,130
Total liabilities	26,214,212	40,819,307
Commitments and contingencies (Note 17)		
Stockholders' equity		
Preferred stock; $0.0001 par value; 10,000,000 shares authorized, 0 shares issued and and outstanding at March 31, 2022 and December 31, 2021, respectively	—	—
Common stock; $0.0001 par value; 490,000,000 shares authorized at March 31, 2022 and December 31, 2021; 43,501,779 and 43,487,279 shares issued, respectively, and 42,955,121 and 43,487,279 outstanding at March 31, 2022 and December 31, 2021, respectively	4,350	4,349
Treasury stock, at cost; 546,658 and 0 shares held at March 31, 2022 and December 31, 2021, respectively	(5,521,246)	—
Additional paid-in capital	74,918,250	67,674,515
Accumulated deficit	(28,143,088)	(29,128,951)
Total stockholders' equity	41,258,266	38,549,913
Total liabilities and stockholders' equity	**$ 67,472,478**	**$ 79,369,220**

See accompanying notes to the consolidated financial statements

SAB Biotherapeutics, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Revenue		
Grant revenue	$ 11,803,077	$ 16,927,734
Total revenue	11,803,077	16,927,734
Operating expenses		
Research and development	13,324,344	12,782,004
General and administrative	5,186,072	3,331,806
Total operating expenses	18,510,416	16,113,810
Income (loss) from operations	(6,707,339)	813,924
Changes in fair value of warrant liabilities	7,849,572	—
Gain on debt extinguishment of Paycheck Protection Program SBA Loan	—	665,596
Interest expense	(72,022)	(75,192)
Interest income	7,933	5,506
Total other income	7,785,483	595,910
Income before income taxes	1,078,144	1,409,834
Income tax expense	92,281	—
Net income	$ 985,863	$ 1,409,834
Earnings per common share attributable to the Company's shareholders		
Basic earnings per common share	$ 0.02	$ 0.05
Diluted earnings per common share	$ 0.02	$ 0.05
Weighted-average common shares outstanding – basic	43,113,353	25,973,406
Weighted-average common shares outstanding – diluted	45,816,651	28,072,567

See accompanying notes to the consolidated financial statements.

SAB Biotherapeutics, Inc. and Subsidiaries
Consolidated Statements of Changes In Stockholders' Equity
For the three months ended March 31, 2022 and 2021
(Unaudited)

	Common stock			Treasury Stock			
	Shares	Amount	Additional Paid-In Capital	Shares	Amount	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2020	**25,973,406**	**$ 2,598**	**$ 50,989,657**	**—**	**$ —**	**$ (11,984,420)**	**$ 39,007,835**
Stock-based compensation	—	—	349,115	—	—	—	349,115
Net income	—	—	—	—	—	1,409,834	1,409,834
Balance at March 31, 2021	**25,973,406**	**$ 2,598**	**$ 51,338,772**	**—**	**$ —**	**$ (10,574,586)**	**$ 40,766,784**
Balance at December 31, 2021	**43,487,279**	**$ 4,349**	**$ 67,674,515**	**—**	**$ —**	**$ (29,128,951)**	**$ 38,549,913**
Issuance of common stock for exercise of stock options	14,500	1	7,829	—	—	—	7,830
Forward Share Purchase Agreement, final settlement	—	—	817,060	—	—	—	817,060
Repurchase of common stock pursuant to the Forward Share Purchase Agreement	—	—	5,521,246	(546,658)	(5,521,246)	—	—
Stock-based compensation	—	—	897,600	—	—	—	897,600
Net income	—	—	—	—	—	985,863	985,863
Balance at March 31, 2022	**43,501,779**	**$ 4,350**	**$ 74,918,250**	**(546,658)**	**$ (5,521,246)**	**$ (28,143,088)**	**$ 41,258,266**

See accompanying notes to the consolidated financial statements.

SAB Biotherapeutics, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net income	$ 985,863	$ 1,409,834
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Gain on debt extinguishment of Paycheck Protection Program SBA Loan	—	(665,596)
Depreciation and amortization	636,235	235,959
Amortization of right-of-use assets	41,207	41,259
Stock-based compensation expense	897,600	349,115
Gain on sale of equipment	(14,278)	—
Changes in fair value of warrant liabilities	(7,849,572)	—
Changes in operating assets and liabilities		
Accounts receivable	(3,775,713)	8,976,089
Prepaid expenses	(1,110,395)	2,175
Operating lease right-of-use assets	(18,080)	(17,060)
Accounts payable	522,816	(3,836,356)
Due to related party	(2,367)	(16,778)
Deferred grant income	(100,000)	—
Income tax payable	92,281	—
Accrued expense and other current liabilities	(599,105)	2,974,854
Net cash (used in) provided by operating activities	**(10,293,508)**	**9,453,495**
Cash flows from investing activities:		
Proceeds from the sale of equipment	76,390	—
Purchases of equipment	(1,357,324)	(1,890,156)
Net cash used in investing activities	**(1,280,934)**	**(1,890,156)**
Cash flows from financing activities:		
Payments related to the Forward Share Purchase Agreement	(5,521,246)	—
Principal payments on finance leases	(48,751)	(45,471)
Proceeds from exercise of stock options	7,830	—
Net cash used in financing activities	**(5,562,167)**	**(45,471)**
Net (decrease) increase in cash, cash equivalents, and restricted cash	(17,136,609)	7,517,868
Cash, cash equivalents, and restricted cash		
Beginning of year	39,545,018	12,610,383
End of period	$ 22,408,409	$ 20,128,251
Supplemental disclosures:		
Cash paid for interest	$ 72,022	$ 75,192

See accompanying notes to the consolidated financial statements.

(1) Nature of Business

On October 22, 2021 (the "Closing Date"), we consummated the business combination contemplated by the agreement and plan of merger, dated as of June 21, 2021, as amended on August 12, 2021, made by and among Big Cypress Acquisition Corp., a Delaware corporation (“BCYP”), Big Cypress Merger Sub Inc., a Delaware corporation (“Merger Sub”), SAB Biotherapeutics, Inc., a Delaware corporation (“SAB” or the “Company”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of the SAB Stockholders. Upon closing of the Business combination, Big Cypress Merger Sub merged with SAB Biotherapeutics, with SAB Biotherapeutics as the surviving company of the merger. Upon closing of the business combination, Big Cypress Acquisition Corp. changed its name to “SAB Biotherapeutics, Inc.”.

SAB Biotherapeutics, Inc. is a clinical-stage biopharmaceutical company focused on the development and commercialization of a portfolio of products from its proprietary immunotherapy platform to produce fully targeted human polyclonal antibodies, without using human plasma or serum. SAB’s novel DiversitAb platform enables the rapid production of large amounts of targeted human polyclonal antibodies, leveraging transchromosomic cattle (Tc Bovine™) that have been genetically designed to produce human antibodies (immunoglobulin G) rather than bovine in response to an antigen. Animal antibodies have been made in rabbits, sheep and horses. However, SAB's platform is the first to produce fully human antibodies in large animals.

The COVID-19 pandemic continues to evolve, and the extent to which it may impact the Company’s business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the U.S. and other countries, business closures or business disruptions, and the effectiveness of actions taken in the U.S. and other countries to contain and treat the disease. The Company is following, and will continue to follow, recommendations from the U.S. Centers for Disease Control and Prevention, as well as federal, state, and local governments. To date, the Company has not experienced material business disruptions, but it cannot be certain of the future impact of the COVID-19 pandemic on its business and consolidated financial statements.

(2) Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying consolidated financial statements is set forth below.

Basis of presentation

The financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") and include all adjustments necessary for the fair presentation of the Company’s financial position for the periods presented.

The Business Combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP (the “Reverse Recapitalization”). Under this method of accounting, BCYP is treated as the “acquired” company and SAB Biotherapeutics is treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of SAB Biotherapeutics issuing stock for the net assets of BCYP, accompanied by a recapitalization. The net assets of BCYP are stated at historical cost, with no goodwill or other intangible assets recorded. SAB Biotherapeutics was determined to be the accounting acquirer based on the following predominant factors:

- SAB Biotherapeutics’ shareholders have the largest portion of voting rights in the Company;
- the Board and Management are primarily composed of individuals associated with SAB Biotherapeutics;
- the operations of SAB comprise the ongoing operations of the Company.

The consolidated assets, liabilities and results of operations prior to the Reverse Recapitalization are those of SAB Biotherapeutics. At the Closing Date, and subject to the terms and conditions of the Merger Agreement, each share of SAB Biotherapeutics common stock, par value $0.0001 per share, and each share of the SAB Biotherapeutics convertible preferred stock that was convertible into a share of SAB Biotherapeutics common stock at a one-to-one ratio, was converted into Common Stock equal to approximately 0.4653 (the "Exchange Ratio"). The shares and corresponding capital amounts and losses per share, prior to the Business Combination, have been retroactively restated based on shares reflecting the Exchange Ratio established in the Business Combination.

Emerging growth company status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Principles of consolidation

The accompanying consolidated financial statements include the results of the Company and its wholly owned subsidiaries, SAB Capra, LLC and Aurochs, LLC. Intercompany balances and transactions have been eliminated in consolidation.

Significant risks and uncertainties

The Company's operations are subject to a number of factors that can affect its operating results and financial condition. Such factors include, but are not limited to, the results of research and development efforts, clinical trial activities of the Company's product candidates, the Company's ability to obtain regulatory approval to market its product candidates, competition from products manufactured and sold or being developed by other companies, and the Company's ability to raise capital.

The Company currently has no commercially approved products and there can be no assurance that the Company's research and development will be successfully commercialized. Developing and commercializing a product requires significant time and capital and is subject to regulatory review and approval as well as competition from other biotechnology and pharmaceutical companies. The Company operates in an environment of rapid change and is dependent upon the continued services of its employees and obtaining and protecting intellectual property.

Funding from government grants is not guaranteed to cover all costs, and additional funding may be needed to cover operational costs as the Company moves forward with our efforts to develop a commercially approved product.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the financial statements. The Company has used significant estimates in its determination of stock-based compensation assumptions, determination of the fair value of the Company's common stock, determination of the fair value of the Private Placement Warrant liabilities, determination of the incremental borrowing rate ("IBR") used in the calculation of the Company's right of use assets and lease liabilities, and the valuation allowance on deferred tax assets. Actual amounts realized may differ from these estimates.

Cash, cash equivalents, and restricted cash

Cash equivalents include short-term, highly liquid instruments, consisting of money market accounts and short-term investments with original maturities at the date of purchase of 90 days or less.

Amounts held in escrow by the Company pursuant to the Forward Share Purchase Agreement were reported as restricted cash on the consolidated balance sheet as of December 31, 2021. There were no amounts held in escrow by the Company pursuant to the Forward Share Purchase Agreement as of March 31, 2022.

The reconciliation of cash, cash equivalents and restricted cash reported within the applicable balance sheet line items that sum to the total of the same such amount shown in the consolidated statements of cash flows is as follows:

	March 31, 2022	March 31, 2021
Cash and cash equivalents	$ 22,408,409	$ 20,128,251
Restricted cash	—	—
Total cash, cash equivalents, and restricted cash	$ 22,408,409	$ 20,128,251

Accounts receivable

Accounts receivable are carried at original invoice amount, less an allowance for doubtful accounts. The Company estimates an allowance for doubtful accounts for potential credit losses that are expected to be incurred, based on management's assessment of the collectability of specific accounts, the aging of the accounts receivable, historical information and other currently available evidence. Receivables are written off when deemed uncollectible. To date, no receivables have been written off. The Company had no allowance for doubtful accounts as of March 31, 2022 and December 31, 2021.

Concentration of credit risk

The Company maintains its cash and cash equivalent balances in the form of business checking accounts and money market accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality federally insured financial institutions.

The Company received 100% of its total revenue through grants from government organizations during the three months ended March 31, 2022 and 2021.

Lease liabilities and right-of-use assets

The Company is party to certain contractual arrangements for equipment, lab space, and an animal facility, which meet the definition of leases under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"). In accordance with ASC 842, the Company recorded right-of-use assets and related lease liabilities for the present value of the lease payments over the lease terms. The Company's IBR was used in the calculation of its right-of-use assets and lease liabilities.

The Company elected not to apply the recognition requirements of ASC 842 to short-term leases, which are deemed to be leases with a lease term of twelve months or less. Instead, the Company recognized lease payments in the Consolidated Statements of Operations on a straight-line basis over the lease term and variable payments in the period in which the obligation for these payments was incurred. The Company elected this policy for all classes of underlying assets.

Research and development expenses

Expenses incurred in connection with research and development activities are expensed as incurred. These include licensing fees to use certain technology in the Company's research and development projects, fees paid to consultants and various entities that perform certain research and testing on behalf of the Company, and expenses related to salaries, benefits, and stock-based compensation granted to employees in research and development functions.

During the three months ended March 31, 2022 and 2021, the Company had contracts with multiple contract research organizations ("CRO") to complete studies as part of research grant agreements. In the case of SAB-185, the CRO has been contracted and paid by the US government. For SAB-176, PPD Development, LP acting as the CRO oversaw the Phase 1 safety study. The terms of that agreement are subject to confidentiality, and the status of the agreement is that it is current, in good standing and approximately 90% of the contract has been paid as of March 31, 2022. SAB has also contracted with hVIVO Services Limited to conduct the Phase 2a influenza study on SAB-176. The terms of that agreement are subject to confidentiality, and the status of the agreement is that it is current, in good standing and approximately 90% of the contract has been paid as of March 31, 2022.

Equipment

The Company records equipment at cost less depreciation. Depreciation is calculated using straight-line methods over the following estimated useful lives:

Animal facility equipment	7 years
Laboratory equipment	7 years
Leasehold improvements	Shorter of asset life or lease term
Office furniture & equipment	5 years
Vehicles	5 years

Repairs and maintenance expenses are expensed as incurred.

Impairment of long-lived assets

The Company reviews the recoverability of long-lived assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. If necessary, the Company compares the estimated undiscounted future net cash flows to the related asset's carrying value to determine whether there has been an impairment. If an asset is considered impaired, the asset is written down to fair value, which is based either on discounted cash flows or appraised values in the period the impairment becomes known. The Company believes that long-lived assets are recoverable, and no impairment was deemed necessary, during the three months ended March 31, 2022 and 2021.

Stock-based compensation

FASB ASC Topic 718, *Compensation – Stock Compensation*, prescribes accounting and reporting standards for all share-based payment transactions in which employee and non-employee services are acquired. The Company recognizes compensation cost relating to stock-based payment transactions using a fair-value measurement method, which requires all stock-based payments to employees, directors, and non-employee consultants, including grants of stock options, to be recognized in operating results as compensation expense based on fair value over the requisite service period of the awards. Prior to the Business Combination, the grant date fair value of the Company's common stock was typically determined by the Company's board of directors with the assistance of management and a third-party valuation specialist.

Subsequent to the Business Combination, the board of directors elected to determine the fair value of our post-merger common stock based on the closing market price at closing on the date of grant. In determining the fair value of stock-based awards, the Company utilizes the Black-Scholes option-pricing model, which uses both historical and current market data to estimate fair value. The Black-Scholes option-pricing model incorporates various assumptions, such as the value of the underlying common stock, the risk-free interest rate, expected volatility, expected dividend yield, and expected life of the options. For awards with performance-based vesting criteria, the Company estimates the probability of achievement of the performance criteria and recognizes compensation expense related to those awards expected to vest. No awards may have a term in excess of ten years. Forfeitures are recorded when they occur. Stock-based compensation expense is classified in the consolidated statements of operations based on the function to which the related services are provided. The company recognizes stock-based compensation expense over the expected term.

Income taxes

Deferred income taxes reflect future tax effects of temporary differences between the tax and financial reporting basis of the Company's assets and liabilities measured using enacted tax laws and statutory tax rates applicable to the periods when the temporary differences will affect taxable income. When necessary, deferred tax assets are reduced by a valuation allowance, to reflect realizable value, and all deferred tax balances are reported as long-term on the consolidated balance sheet. Accruals are maintained for uncertain tax positions, as necessary.

Income tax expense includes the current tax liability from operations and the change in deferred income taxes during the year. Current tax liabilities or receivables are recognized for estimated income tax payable and/or refundable for the current year.

The Company uses a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. The Company has elected to treat interest and penalties related to income taxes, to the extent they arise, as a component of income taxes.

Revenue recognition

The Company's revenue is primarily generated through grants from government and other (non-government) organizations.

Grant revenue is recognized during the period that the research and development services occur, as qualifying expenses are incurred or conditions of the grants are met. The Company concluded that payments received under these grants represent conditional, nonreciprocal contributions, as described in ASC 958, *Not-for-Profit Entities*, and that the grants are not within the scope of ASC 606, *Revenue from Contracts with Customers*, as the organizations providing the grants do not meet the definition of a customer. Expenses for grants are tracked by using a project code specific to the grant, and the employees also track hours worked by using the project code.

Comprehensive income (loss)

The Company had no items of comprehensive income (loss) other than its net income (loss).

Litigation

From time to time, the Company is involved in legal proceedings, investigations and claims generally incidental to its normal business activities. In accordance with U.S. GAAP, the Company accrues for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Legal costs in connection with loss contingencies are expensed as incurred.

Earnings per share

In accordance with ASC 260, *Earnings per Share* ("ASC 260"), basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common stock outstanding during the period. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted-average number of common stock outstanding for the period including potential dilutive common shares such as stock options.

Segment reporting

In accordance with ASC 280, *Segment Reporting*, the Company's business activities are organized into one reportable segment, as only the Company's operating results in their entirety are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated and to assess performance.

Common stock valuations

Prior to the Business Combination, the Company was required to periodically estimate the fair value of its common stock with the assistance of an independent third-party valuation firm, as discussed above, when issuing stock options and computing estimated stock-based compensation expense. The assumptions underlying these valuations represented the Company's best estimates, which involved inherent uncertainties and the application of significant levels of judgment. In order to determine the fair value of its common stock, the Company considered, among other items, previous transactions involving the sale of our securities, our business, financial condition and results of operations, economic and industry trends, the market performance of comparable publicly traded companies, and the lack of marketability of our common stock.

Subsequent to the Business Combination, the Company now determines the fair value of common stock based on the closing market price at closing on the date of grant.

Compensation expense related to stock-based transactions is measured and recognized in the financial statements at fair value of the post-merger common stock based on the closing market price at closing on the date of grant. Stock-based compensation expense is measured at the grant date based on the fair value of the equity award and is recognized as expense over the requisite service period, which is generally the vesting period, on the straight-line method. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option-pricing model. Determining the fair value of stock option awards at the grant date requires judgment, including estimating the expected volatility, expected term, risk-free interest rate, and expected dividends.

(3) New accounting standards

Recently-adopted standards

In May 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*. The amendments in ASU 2021-04 provide guidance to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this ASU 2021-04 are effective for all entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted, including interim periods within those fiscal years. The Company adopted ASU 2021-04 at January 1, 2022, and the adoption did not have a material impact on its consolidated financial statements.

In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842) Lessors - Certain Leases with Variable Lease Payments*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities as well as disclosing key information about leasing transactions. This guidance is effective for all entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years for public business entities. The Company adopted ASU 2021-05 at January 1, 2022, and the adoption did not have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. This ASU increases the transparency of government assistance to include the disclosure of (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. The guidance in ASU 2021-10 is effective for financial statements of all entities, including private companies, for annual periods beginning after December 15, 2021, with early application permitted. Entities are required to provide the new disclosures prospectively for all transactions with a government entity that are accounted for under either a grant or a contribution accounting model and are reflected in the financial statements at the date of initially applying the new amendments, and to new transactions entered into after that date. The Company adopted ASU 2021-10 at January 1, 2022, and the adoption did not have a material impact on its consolidated financial statements.

Recently-issued standards

In July 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires the measurement of all expected credit losses of financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 is effective for periods beginning after December 15, 2022, and interim periods within those fiscal years. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements but does not expect it to have a material impact.

In October 2021, the FASB issued ASU 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). This ASU requires that an acquirer entity in a business combination recognize and measure contract assets and liabilities acquired in a business combination at the acquisition date in accordance with Topic 606 as if the acquirer entity had originated the contracts. This ASU is effective for fiscal years beginning after December 15, 2022, and interim periods within those years. Early application of the amendments is permitted but should be applied to all acquisitions occurring in the annual period of adoption. The amendment should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements but does not expect it to have a material impact.

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815)* ("ASU 2022-01"), which clarifies the guidance on fair value hedge accounting of interest rate risk for portfolios of financial assets. The standard is effective for public entities in fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted on any date on or after the issuance of ASU 2017-12. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements but does not expect it to have a material impact.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures* (“ASU 2022-02”). ASU 2022-02 eliminates the current guidance on troubled debt restructurings ("TDRs"), enhances current and introduces new disclosure requirements related to loan modifications. ASU 2022-02 is effective for the Company for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact this ASU may have on its consolidated financial statements but does not expect it to have a material impact.

(4) Reverse Recapitalization and Business Combination

On the Closing Date, BCYP closed the Business Combination with SAB Biotherapeutics, as a result of which SAB Biotherapeutics became a wholly owned subsidiary of BCYP. While BCYP was the legal acquirer of SAB Biotherapeutics in the Business Combination, for accounting purposes, the Business Combination is treated as a Reverse Recapitalization. SAB Biotherapeutics is treated as the accounting acquirer with historical financial statements of SAB Biotherapeutics becoming the historic financial statements of BCYP (renamed SAB Biotherapeutics, Inc.) upon consummation of the Business Combination. Under this method of accounting, BCYP is treated as the "acquired" company and SAB Biotherapeutics is treated as the acquirer for financial reporting purposes. For accounting reporting purposes, the Business Combination was treated as the equivalent of SAB Biotherapeutics issuing stock for the net assets of BCYP, accompanied by a recapitalization. The net assets of BCYP were stated at historical cost, with no goodwill or other intangible assets recorded.

Pursuant to the Business Combination Agreement, the aggregate consideration payable to stockholders of SAB Biotherapeutics at the Closing Date consisted of 36,465,343 shares of New SAB Biotherapeutics common stock, par value $0.0001 per share ("Common Stock"). Each option of SAB Biotherapeutics that was outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested) was assumed by BCYP and converted into an option to acquire an adjusted number of shares of Common Stock at an adjusted exercise price per share, in each case, pursuant to the terms of the Business Combination Agreement (the "Rollover Options").

Additionally, the Business Combination Agreement included an earnout provision whereby the shareholders of SAB Biotherapeutics shall be entitled to receive additional consideration (“Earnout Shares”) if the Company meets certain Volume Weighted Average Price (“VWAP") thresholds, or a change in control with a per share price exceeding the VWAP thresholds within a five-year period immediately following the Closing.

The Earnout Shares shall be released in four equal increments as follows:

(i) 25% of the Earnout Shares shall be released if, at any time during the five (5)-year period immediately following the Closing Date, the VWAP of the Company's publicly traded common stock is greater than or equal to $15.00 for any twenty (20) trading days within a period of thirty (30) consecutive trading days (the “First Earnout”).

(ii) 25% of the Earnout Shares shall be released if, at any time during the five (5)-year period immediately following the Closing Date, the VWAP of the Company's publicly traded common stock is greater than or equal to $20.00 for any twenty (20) trading days within a period of thirty (30) consecutive trading days (the “Second Earnout”).

(iii) 25% of the Earnout Shares shall be released if, at any time during the five (5)-year period immediately following the Closing Date, the VWAP of the Company's publicly traded common stock is greater than or equal to $25.00 for any twenty (20) trading days within a period of thirty (30) consecutive trading days (the “Third Earnout”).

(iv) 25% of the Earnout Shares shall be released if, at any time during the five (5)-year period immediately following the Closing Date, the VWAP of the Company's publicly traded common stock is greater than or equal to $30.00 for any twenty (20) trading days within a period of thirty (30) consecutive trading days (the “Fourth Earnout” and together with the First Earnout, the Second Earnout and the Third Earnout, the “Earnouts”).

At the Effective Time, each outstanding share of SAB Biotherapeutics common stock, including shares of SAB Biotherapeutics common stock resulting from the conversion of outstanding shares of SAB Biotherapeutics preferred stock (as calculated pursuant to the SAB Biotherapeutics certificate of incorporation), immediately prior to the Effective Time, was converted into the right to receive a pro rata portion of the total consideration and the contingent right to receive a pro rata portion of the Earnout Shares.

Pursuant to the terms of the Business Combination Agreement, SAB Biotherapeutics’ securityholders (including vested option holders) who own SAB Biotherapeutics securities immediately prior to the Closing Date will have the contingent right to receive their pro rata portion of (i) an aggregate of 12,000,000 shares of Common Stock (“Earnout Shares”), of which 1,508,063 are contingently issuable based upon future satisfaction of the aforementioned VWAP thresholds. The remaining 10,491,937 are legally issued and outstanding, if the Company does not meet the above VWAP thresholds, or a change in control with a per share price below the VWAP thresholds occurs within a five-year period immediately following the Closing Date, the shares will be returned to the Company.

The Earnout Shares are indexed to our equity and meet the criteria for equity classification. On the Closing Date, the fair value of the 12,000,000 Earnout Shares was $101.3 million. We reflected the Earnout Shares in the consolidated balance sheet at December 31,

2021 as a stock dividend by reducing additional paid-in capital, which was offset by the increase in additional paid-in capital associated with the Business Combination.

Preceding the Business Combination, on October 12, 2021, BCYP entered into a Forward Share Purchase Agreement (the “Forward Share Purchase Agreement”) with Radcliffe SPAC Master Fund, L.P., a Cayman Islands exempted limited partnership (“Radcliffe”). Under the Forward Share Purchase Agreement, Radcliffe shall sell and transfer to BCYP, and BCYP shall purchase from Radcliffe, up to 1,390,000 shares of common stock owned by Radcliffe at the closing of the Business Combination at a per Share price (the “Purchase Price”) equal to $10.10 per share (the "Market Sales Price"). Further, BCYP shall purchase the remaining shares held by Radcliffe not sold in the open market in excess of the Market Sales Price at the later of (a) the 90th day after the closing of the Business Combination, or (b) the first business day following the 95th day after the closing of the Business Combination if BCYP directs Radcliffe to sell shares at a mutually agreed upon price other than the Market Sales Price.

Pursuant to the treatment of the Business Combination as a reverse recapitalization, SAB Biotherapeutics assumed the liability position as it existed as of the Effective Time. The net assets of the acquired entity were adjusted to include a forward share purchase liability of $13,098,599. In connection with the Business Combination, an amount matching the assumed forward share purchase liability was transferred into escrow, pending final settlement of the Forward Share Purchase Agreement in January 2022. Given the short-term nature of the Forward Share Purchase Agreement, the Company did not present value the forward share purchase liability. Subsequent settlements whereby Radcliffe sold shares in the open market in excess of the Market Sales Price were treated as a reduction in the assumed forward share purchase liability, with an offsetting increase in equity of the Company. Prior to December 31, 2021, a portion of the forward share purchase liability was settled. As of December 31, 2021, the forward share purchase liability balance was $6,338,306 on the consolidated balance sheet. The forward share purchase liability was settled in full during the three months ended March 31, 2022. As of December 31, 2021, the Company held $6.3 million in escrow pending the final settlement of the Forward Share Purchase Agreement; upon final settlement of the Forward Share Purchase Agreement, $817,060 in cash was released to the Company and the remaining $5.5 million was delivered to Radcliffe for the repurchase of 546,658 shares of the Company's common stock—these shares are accounted for as treasury stock at cost within the consolidated statements of changes in stockholders’ equity.

(5) Revenue

During the quarters ended March 31, 2022 and 2021, the Company worked on the following grants:

Government grants

The total revenue for government grants was approximately $11.8 million and $16.9 million respectively, for the three months ended March 31, 2022 and 2021.

National Institute of Health – National Institute of Allergy and Infectious Disease (“NIH-NIAID”) (Federal Award #1R44AI117976-01A1) – this grant was for $1.4 million and started in September 2019 through August 2021. For the three months ended March 31, 2022 and 2021, there was approximately $27,000 and $56,000, respectively, in grant income recognized. The Company applied for an extension on the grant funding, and the extension is pending approval—the Company has not historically experienced challenges renewing grant funding. If approved, there is approximately $186,000 in funding remaining for this grant as of March 31, 2022.

NIH-NIAID (Federal Award #1R41AI131823-02) – this grant was for approximately $1.5 million and started in April 2019 through March 2021. The grant was subsequently amended to extend the date through March 2022. For the three months ended March 31, 2022 and 2021, there was approximately $13,000 and $9,000 respectively, in grant income recognized. There is approximately $801,000 in funding remaining for this grant as of March 31, 2022.

NIH-NIAID through Geneva Foundation (Federal Award #1R01AI132313-01, Subaward #S-10511-01) – this grant was for approximately $2.7 million and started in August 2017 through July 2021. For the three months ended March 31, 2022 and 2021, there was approximately $23,000 and $0, respectively, in grant income recognized from this grant. The Company applied for an extension on the grant funding, and the extension is pending approval—the Company has not historically experienced challenges renewing grant funding. If approved, there is approximately $1.4 million in funding remaining for this grant as of March 31, 2022.

Department of Defense, Joint Program Executive Office for Chemical, Biological, Radiological and Nuclear Defense Enabling Biotechnologies (“JPEO”) through Advanced Technology International – this grant was for a potential of $25 million, awarded in stages starting in August 2019 and with potential stages running through February 2023. Additional contract modifications were added to this contract in 2020 and 2021 for work on a COVID therapeutic, bringing the contract total to $204 million. For the three months ended March 31, 2022 and 2021, there was approximately $11.7 million and $16.9 million, respectively, in grant income recognized from this grant. There is approximately $77.4 million in funding remaining for this grant as of March 31, 2022.

The grants for the JPEO contract are cost reimbursement agreements, with reimbursement of our direct research and development expense (labor and consumables) with an overhead charge (based on actual, reviewed quarterly) and a fixed fee (9%).

(6) Earnings per share

The following is a reconciliation of the numerator and denominator used to calculate basic earnings per share and diluted earnings per share for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Calculation of basic EPS attributable to the Company's shareholders		
Net income attributable to the Company's shareholders	$ 985,863	$ 1,409,834
Weighted-average common shares outstanding – basic	43,113,353	25,973,406
Net earnings per share, basic	$ 0.02	$ 0.05
Calculation of diluted EPS attributable to the Company's shareholders		
Net income attributable to the Company's shareholders	$ 985,863	$ 1,409,834
Weighted-average common shares outstanding – diluted	45,816,651	28,072,567
Net earnings per share, diluted	$ 0.02	$ 0.05

The following table reconciles the weighted-average common shares outstanding used in the calculation of basic earnings per share ("EPS") to the weighted-average common shares outstanding used in the calculation of diluted EPS for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Weighted-average common shares outstanding – basic	43,113,353	25,973,406
Stock options	2,703,298	2,099,161
Total	45,816,651	28,072,567

The shares in the table below were excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:

	Three Months Ended March 31,	
	2022	2021
Stock options	1,655,733	913,227
Common stock warrants	5,958,600	—
Earnout shares [(1)]	10,491,937	—
Contingently issuable earnout shares from unexercised Rollover Options	1,508,063	—
Total	19,614,333	913,227

(1) As the Earnout shares are subject to certain vesting requirements not satisfied as of the three months ended March 31, 2022, the Earnout Shares held in escrow are excluded from calculating both basic and diluted earnings per share.

(7) Equipment

As of March 31, 2022 and December 31, 2021, the Company's equipment was as follows:

	March 31, 2022	December 31, 2021
Laboratory equipment	$ 7,121,957	$ 7,431,988
Animal facility	8,357,667	8,357,667
Animal facility equipment	1,143,213	1,253,879
Construction-in-progress	2,130,434	4,608,778
Leasehold improvements	8,777,864	5,700,364
Vehicles	192,683	135,593
Office furniture and equipment	1,013,383	46,202
Less: accumulated depreciation and amortization	3,763,769	3,220,016
Property, plant and equipment, net	$ 24,973,432	$ 24,314,455

Depreciation and amortization expense for the three months ended March 31, 2022 and 2021 was $636,235 and $235,959, respectively.

All tangible personal property with a useful life of at least three years and a unit acquisition cost of $5,000 or more will be capitalized and depreciated over its useful life using the straight-line method of depreciation. The Company will expense the full acquisition cost of tangible personal property below these thresholds in the year of purchase. The basis of accounting for depreciable fixed assets is acquisition cost and any additional expenditures required to make the asset ready for use. The carrying amount at the balance sheet date of long-lived assets under construction-in-progress includes assets purchased, constructed, or being developed internally that are not yet in service. Depreciation commences when the assets are placed in service.

The Company has several ongoing construction projects related to the expansion of its operating capacity. As of March 31, 2022 and December 31, 2021, the Company's construction-in-progress was as follows:

	March 31, 2022	December 31, 2021
New office space at Headquarters	$ 339,939	$ 11,183
Laboratory space at Headquarters	—	2,506,482
Laboratory equipment at Headquarters	89,009	246,801
IT equipment at Headquarters	103,831	212,209
Software	137,811	137,811
Bioreactors	1,295,651	1,280,728
Other	164,193	213,564
Total construction-in-progress	$ 2,130,434	$ 4,608,778

(8) Leases

The Company has an operating lease for lab space from Sanford Health (a former related party), under a lease that started in June 2014 and ran through June 2019, at which time the lease was amended to run through August 2024. This lease can be terminated with one year advance written notice. The lease is for $66,993 per month. The operating lease does not include an option to extend beyond the life of the current term. The lease does not provide an implicit rate, and, therefore, the Company used an IBR of 4.54% as the discount rate when measuring the operating lease liability. The Company estimated the incremental borrowing rate based upon comparing interest rates available in the market for similar borrowings and the credit quality of the Company.

The Company entered into a lease for office, laboratory, and warehouse space in November 2020. This lease has a 3-year term, with options to extend for three additional periods of three years each. The options were not included in the right of use calculation as it is unclear as to whether or not the location will meet the Company's requirements beyond the next three years. The lease cost is $36,125 per month. The Company used an IBR of 4.69% as the discount rate when measuring the operating lease liability. The Company estimated the incremental borrowing rate based upon comparing interest rates available in the market for similar borrowings and the credit quality of the Company.

The Company entered into a lease for barn space for the housing of goats in April 2020. This lease has a 2-year term, with automatic renewals for a one-year period after the initial term expires until either party terminates. The options were not included in the right of use calculation, as the goat project is mostly funded by government grants, and those grants do not currently extend beyond the initial lease term. The lease cost is $665 per month for the first year, then $678 per month for the second year. The Company used an IBR of 4.08% as the discount rate when measuring the operating lease liability. The Company estimated the incremental borrowing rate based upon comparing interest rates available in the market for similar borrowings and the credit quality of the Company.

The Company has the following finance leases:

- In December 2018, the Company entered into a finance lease with Dakota Ag Properties for a new animal facility which includes the surrounding land. The facility and the land have been accounted for as separate lease components. The lease is based upon payback of $4,000,000 in construction costs, with a 20-year term at an interest rate of 8%. The monthly payment for this lease is $33,458. The Company has the option to purchase the asset at any time during the term of the lease for the balance of the unamortized lease payments.
- In December 2018, the Company entered into an equipment lease for a 12,000-gallon propane tank that is located on the Company's animal facility. The lease is for five years, with an annual payment of $8,199. The Company has the option to purchase the asset at any time during the term of the lease for the balance of the unamortized lease payments.
- In July 2018, the Company entered into a lease agreement with a bank, for a Ruby Cell Analyzer. The lease agreement is for a five-year term. The monthly payment for this lease is $807. The Company has the option to purchase the asset at the end of the lease for $1.

- In March 2019, the Company entered into two lease agreements for laboratory equipment. The leases are each for a 3-year term and a combined monthly payment of $5,956. Both leases have a $1 purchase option at the end of the lease term.

The lease agreements do not require material variable lease payments, residual value guarantees or restrictive covenants.

The amortizable lives of the operating lease assets are limited by their expected lease terms. The amortizable lives of the finance lease assets are limited by their expected lives, as the Company intends to exercise the purchase options at the end of the leases. The following is the estimated useful lives of the finance lease assets:

Animal Facility	40 years
Equipment	3 –7 years
Land	Indefinite

The Company's weighted-average remaining lease term and weighted-average discount rate for operating and finance leases as of March 31, 2022 are:

	Operating	Finance
Weighted-average remaining lease term	2.18 years	16.60 years
Weighted-average discount rate	4.75%	7.71%

The table below reconciles the undiscounted future minimum lease payments under non-cancelable leases with terms of more than one year to the total lease liabilities recognized on the consolidated balance sheet as of March 31, 2022:

	Operating	Finance
2022 - remaining	$ 928,943	$ 324,265
2023	1,169,559	406,339
2024	535,944	401,496
2025	—	401,496
2026	—	401,496
Thereafter	—	4,784,494
Undiscounted future minimum lease payments	2,634,446	6,719,586
Less: Amount representing interest payments	(120,937)	(2,844,747)
Total lease liabilities	2,513,509	3,874,839
Less current portion	(1,154,680)	(145,898)
Noncurrent lease liabilities	$ 1,358,829	$ 3,728,941

Operating lease expense was approximately $293,000 and $254,000, respectively, for the three months ended March 31, 2022 and 2021. Operating lease costs are included within research and development expenses on the consolidated statements of operations.

Finance lease costs for the three months ended March 31, 2022 and 2021 included approximately $41,000 and $41,000, respectively, in right-of-use asset amortization and approximately $72,000 and $75,000, respectively, of interest expense. Finance lease costs are included within research and development expenses on the consolidated statements of operations.

Cash payments under operating and finance leases were approximately $311,000 and $121,000, respectively, for the three months ended March 31, 2022 . Cash payments under operating and finance leases were approximately $268,000 and $121,000, respectively, for the three months ended March 31, 2021.

Short-term lease expense recognized in the three months ended March 31, 2022 and 2021, was not material.

(9) Accrued Expenses and Other Current Liabilities

As of March 31, 2022 and December 31, 2021, accrued expenses and other current liabilities consisted of the following:

	March 31, 2022	December 31, 2021
Accrued vacation	$ 678,855	$ 552,629
Accrued payroll	274,104	674,858
Accrued construction-in-progress	291,132	548,988
Accrued supplies	61,253	709,027
Accrued consulting	122,618	179,082
Accrued clinical trial expense	455,786	423,634
Accrued outside laboratory services	222,291	128,752
Accrued bonus & severance	748,412	1,804,288
Accrued contract manufacturing	2,795,405	1,000,824
Accrued legal	720,152	833,646
Accrued financing fees payable	5,100,000	5,100,000
Accrued franchise tax payable	50,000	216,251
Other accrued expenses	336,619	283,909
	$ 11,856,627	$ 12,455,888

(10) Notes Payable

In December 2017, the Company entered into a loan agreement for the purchase of a tractor for $116,661 at a 3.6% interest rate. The loan included annual payments of $25,913 for the next five years starting in December 2018. The tractor loan balance as of March 31, 2022 and December 31, 2021 was $25,013. The total amount of the remaining loan balance is due in full in the fourth quarter of 2022.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). In April 2020, the Company entered into a loan agreement (the “PPP Loan”) with First Premier Bank under the Paycheck Protection Program (the “PPP”), which is part of the CARES Act administered by the United States Small Business Administration (“SBA”). As part of the application for these funds, the Company, in good faith, certified that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. The certification further requires the Company to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. Under the PPP, the Company received proceeds of approximately $661,612. In accordance with the requirements of the PPP, the Company utilized the proceeds from the PPP Loan primarily for payroll costs. The PPP Loan has a 1.00% interest rate per annum, matures in April 2022 and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Under the terms of PPP, all or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses, as described in the CARES Act. The Company recorded the entire amount of the PPP Loan as debt. In February 2021, the Company submitted a forgiveness application related to its PPP Loan. In March 2021, the SBA approved the forgiveness of the PPP Loan, plus accrued interest. We recorded a gain on extinguishment of PPP Loan of $665,596 for the forgiveness of the PPP Loan and accrued interest within gain on debt extinguishment of Paycheck Protection Program SBA Loan on the consolidated statement of operations for the three months ended March 31, 2021.

(11) Preferred Stock

On the Closing Date, pursuant to the Business Combination (as described in Note 4), 17,750,882 outstanding shares of Preferred Stock were automatically converted into 8,259,505 shares of common stock pursuant to the Exchange Ratio.

In addition, upon the closing of the Business Combination, pursuant to the terms of the Second Amended and Restated Certificate of Incorporation, the Company authorized 10,000,000 shares of preferred stock with a par value $0.0001.

Prior to the Business Combination, in August 2019, the Company’s Certificate of Incorporation was amended to authorize the Company to issue 50,000,000 shares of preferred stock, of which 6,615,000 shares were designated as Series A preferred stock, 2,525,800 shares were designated as series A-1 preferred stock, 4,039,963 shares were designated as series A-2 preferred stock, 3,333,333 shares were designated as series A-2A preferred stock, and 8,571,429 shares were designated as series B preferred stock. The carrying value of Series A preferred stock was $1 per share, Series A-1 $1.88 per share, Series A-2 & A-2A $3.00 per share, and Series B $3.50 per share.

The preferred stock was entitled to receive noncumulative dividends in preference to any dividend on the common stock when, as, and if declared by the Company's board of directors. The holders of the preferred stock also were entitled to participate pro rata in any dividends paid on the common stock on an as-if-converted basis.

Each holder of preferred stock was entitled to the number of votes equal to the number of shares of common stock that it could be converted into. As long as there were 8,000,000 shares of preferred stock outstanding, the vote or written consent of the holder of the majority of the outstanding preferred stock (all series voting as a single class) was required to approve any amendment of the certificate of incorporation that changes voting, preferences or privileges or restrictions of the preferred stock.

In the event of liquidation or winding up of the Company, the preferred stockholders also were entitled to receive in preference to the holders of the common stock the greater of: a) a per share amount equal to their respective original purchase price plus any declared but unpaid dividends (the "Liquidation Preference"); or b) the amount to be paid on the common stock on an as-if-converted basis. The remaining assets would be distributed to the common stockholders.

The holders of preferred stock had the right to convert the preferred stock into common stock, at any time, utilizing the then- effective conversion rate. The effective conversion rate as of December 31, 2020 was 1:1. All preferred shares were automatically converted into common shares utilizing the then effective preferred conversion rate upon: a) the closing of the Company's sale of its common stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, covering the sale of the Company's common stock if gross proceeds are at least $20,000,000 and the Company's shares have been listed on a stock exchange, as defined; or b) the election of the holders of a majority of the outstanding shares of preferred stock.

With any change of control of the Company or financing, the preferred stockholders were to approve through majority vote any such change in control or financing event approved by the board of directors or the majority of the common stockholders. The preferred stock contained certain anti-dilution provisions, as defined.

In addition to the rights described above, series A-2A preferred stock was redeemable at a price equal to $5 per preferred share at the option of the investor at any time during the redemption period, which was scheduled to commence in August 2022 and end in August 2023. As a result of the redemption feature, the Company classified the series A-2A preferred stock as mezzanine equity as of January 1, 2020. However, the redemption feature was terminated during the year ended December 31, 2020, and the series A-2A preferred stock was reclassified from mezzanine equity to permanent equity.

(12) Stock Option Plans

On August 5, 2014, the Company approved a stock option grant plan (the "2014 Equity Incentive Plan") for employees, directors, and non-employee consultants, which provides for the issuance of options to purchase common stock. The total shares authorized under the plan was originally 8,000,000; however, during 2019, the Plan was amended to increase the total shares authorized under the plan to 16,000,000. As a result of the Business Combination, the 2014 Equity Incentive Plan was amended to reduce the shares authorized to 7,444,800 based upon the impact of the Exchange Ratio.

As a result of the Business Combination, the Company adopted the 2021 Omnibus Equity Incentive Plan (hereinafter collectively with the 2014 Equity Incentive Plan referred to as the "Equity Compensation Plans"), representing 11,000,000 shares of common stock reserved for issuance under the 2021 Omnibus Equity Incentive Plan. As of the beginning of the 2022 calendar year, the shares reserved for future issuance increased by, 869,746, or two percent (2%) of the total number of shares of Common Stock issued and outstanding, to a total of 11,869,746 shares of common stock reserved for issuance under the 2021 Omnibus Equity Incentive Plan.

The expected term of the stock options was estimated using the "simplified" method, as defined by the SEC's Staff Accounting Bulletin No. 107, *Share-Based Payment*. The volatility assumption was determined by examining the historical volatilities for industry peer companies, as the Company does not have sufficient trading history for its common stock. The risk-free interest rate assumption is based on the U.S. Treasury instruments whose term was consistent with the expected term of the options. The dividend assumption is based on the Company's history and expectation of dividend payouts. The Company has never paid dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future. Therefore, the Company has assumed no dividend yield for purposes of estimating the fair value of the options.

Stock option activity for employees and non-employees under the Equity Compensation Plans for the three months ended March 31, 2022 was as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding options, December 31, 2021	5,107,672	$ 2.44	5.78	$ 28,948,535
Granted	487,433	$ 5.64		
Forfeited	(24,713)	$ 4.66		
Exercised	(14,500)	$ 0.54		
Outstanding options, March 31, 2022	5,555,892	$ 2.72	5.84	$ 10,504,111
Options vested and exercisable, March 31, 2022	3,902,858	$ 1.27	4.36	$ 9,770,506

Total unrecognized compensation cost related to non-vested stock options as of March 31, 2022 was approximately $7.5 million and is expected to be recognized within future operating results over a weighted-average period of 2.27 years. As of March 31, 2022, the weighted-average contractual term of the options outstanding was approximately 5.84 years. As of March 31, 2022, the weighted-average contractual term of the vested options was approximately 4.36 years.

The weighted average grant date fair value of options granted during the three months ended March 31, 2022 and 2021, was $3.88 per share and $4.34 per share, respectively. During the three months ended March 31, 2022 and 2021, 192,401 shares with a fair value of totaling $806,776, and 79,771 shares with a fair value totaling $207,780, respectively, vested.

The estimated fair value of stock options granted to employees and consultants during the three months ended March 31, 2022 and 2021, were calculated using the Black-Scholes option-pricing model using the following assumptions:

	Three Months Ended March 31,	
	2022	2021
Expected volatility	78.0 - 80.8 %	104.3 - 104.3 %
Weighted-average volatility	79.0 %	104.3 %
Expected dividends	— %	— %
Expected term (in years)	5.50 - 6.08	6.25
Risk-free rate	1.38 - 2.41 %	0.14 %

Stock-based compensation expense for the three months ended March 31, 2022 and 2021 was as follows:

	Three Months Ended March 31,	
	2022	2021
Research and development	$ 368,225	$ 210,943
General and administrative	529,375	138,172
Total	$ 897,600	$ 349,115

(13) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy classifies the inputs to valuation techniques that would be used to measure fair value into one of three levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the reporting entity’s own assumptions.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

	As of March 31, 2022			
	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Liabilities:				
Public Warrant liability	$ 2,760,000	$ 2,760,000	$ —	$ —
Private Placement Warrant liability	110,558	—	—	110,558
Total	$ 2,870,558	$ 2,760,000	$ —	$ 110,558

	As of December 31, 2021			
	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Liabilities:				
Public Warrant liability	$ 10,292,500	$ 10,292,500	$ —	$ —
Private Placement Warrant liability	427,630	—	—	427,630
Total	$ 10,720,130	$ 10,292,500	$ —	$ 427,630

Public Warrants

Each whole Public Warrant entitles the holder to purchase one share of the Company's common stock at a price of $11.50 per share, subject to adjustment as discussed herein. The Public Warrants became exercisable 30 days after the Closing Date of the Business Combination and will expire five years after the Closing Date of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

Once the warrants become exercisable, the Company may call the warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per warrant;

  upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a
- 30-trading day period ending three business days before the Company send the notice of redemption to the warrant holders.

If the Company calls the warrants for redemption as described above, the management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." If the management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

As of March 31, 2022, 5,750,000 Public Warrants were outstanding.

Private Placement Warrants

The Private Placement Warrants and the common stock issuable upon the exercise of the Private Placement Warrants were not transferable, assignable or saleable until after the completion of the Company's Business Combination. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

As of March 31, 2022, 208,600 Private Placement Warrants were outstanding.

Presentation and Valuation of the Warrants

The Warrants (both the Public Warrants and Private Placement Warrants) are accounted for as liabilities in accordance with ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity* and were presented within warrant liabilities on the consolidated balance sheet as of March 31, 2022 and December 31, 2021. The initial fair value of the warrant liabilities was measured at fair value at the Closing Date, and changes in the fair value of the warrant liabilities were presented within changes in fair value of warrant liabilities in the consolidated statement of operations for the three months ended March 31, 2022.

On the Closing Date, the Company established the fair value of the Private Placement Warrants utilizing both the Black-Scholes Merton formula and a Monte Carlo Simulation ("MCS") analysis. Specifically, the Company considered an MCS to derive the implied volatility in the publicly listed price of the Public Warrants. The Company then considered this implied volatility in selecting the volatility for the application of a Black-Scholes Merton model for the Private Placement Warrants. The Company determined the fair value of the Public Warrants by reference to the quoted market price.

The Public Warrants were classified as a Level 1 fair value measurement, due to the use of the quoted market price, and the Private Placement Warrants held privately by Big Cypress Holdings LLC, a Delaware limited liability company which acted as the Company's sponsor in connection with the IPO (the "Sponsor"), were classified as a Level 3 fair value measurement, due to the use of unobservable inputs.

The following table provides a summary of the changes in our Level 3 fair value measurements:

	March 31, 2022
Balance, December 31, 2021	$ 427,630
Change in fair value of Private Placement Warrant liability	(317,072)
Balance, March 31, 2022	$ 110,558

The initial measurement on the Closing Date for the Public Warrant liability was approximately $6.3 million and the change in fair value of the Public Warrant liability was approximately $4.0 million for the year ended December 31, 2021. The change in fair value of the Public Warrant liability for the three months ended three months ended March 31, 2022 was approximately $7.5 million.

The key inputs into the valuations as of March 31, 2022 and December 31, 2021 were as follows:

	March 31, 2022	December 31, 2021
Risk-free interest rate	2.42%	1.24%
Expected term remaining (years)	4.56	4.81
Implied volatility	49.0%	43.0%
Closing common stock price on the measurement date	$ 3.76	$ 7.81

As of March 31, 2022 and December 31, 2021, the Company did not have any other assets or liabilities that are recorded at fair value on a recurring basis.

The Company believes that the carrying amounts of its cash and cash equivalents, accounts receivable, and notes payable approximate their fair values due to their near-term maturities.

(14) Income Taxes

The effective income tax rate for the three months ended March 31, 2022 is 9.4%, compared with an effective tax rate of 0% for the year ended December 31, 2021. The calculation of the annual effective tax rate did not produce a reliable estimate, so the actual effective tax rate for the year-to-date period is used as the best estimate of the annual effective tax rate.

Starting in 2022, Tax Cuts and Jobs Act amendments to Internal Revenue Code Section 174 will no longer permit an immediate deduction for research and development expenditures in the tax year that such costs are incurred. The 2022 first quarter effective income tax rate was impacted by the Section 174 capitalization requirement combined with the restriction on net operating losses to only reduce taxable income by 80%.

The company continues to record a valuation allowance on its net deferred tax assets. The valuation allowance increased by approximately $1.6 million during the three months ended March 31, 2022. The company has not recognized any reserves for uncertain tax positions.

(15) Related Party Transactions

For the three months ended March 31, 2022, under the Related Party Transaction Policy the Company adopted in the fourth quarter of 2021, there were no related party transactions with beneficial owners of 5% or more of any class of the Company's voting securities, immediate family members of any of the foregoing persons, and any entities in which any of the foregoing is an executive officer or is an owner of 5% or more ownership interest.

For the three months ended March 31, 2021, preceding the Company's Merger and adoption of the aforementioned Related Party Transaction Policy, the company had related party transactions as follows:

- The Company paid consulting fees to a board member, Christine Hamilton, who is also a shareholder, of $25,000.
- The Company made lease payments to Dakota Ag Properties of approximately $100,000. Dakota Ag Investments (part of Dakota Ag Properties) is a shareholder of the Company.
- The Company made lab supply payments to Sanford Health (which is a shareholder of the Company) totaling approximately $63,000.

(16) Employee Benefit Plan

The Company sponsors a defined contribution retirement plan. All the Company's employees are eligible to be enrolled in the employer-sponsored contributory retirement savings plan, which include features under Section 401(k) of the Internal Revenue Code of 1986, as amended, and provides for Company matching contributions. The Company's contributions to the plan are determined by its Board of Directors, subject to certain minimum requirements specified in the plan. For the three months ended March 31, 2022 and 2021 the Company made matching contributions of 100% on 3% of the employee contributions, with an additional 50% match on the next 2% of employee contributions, resulting in approximately $93,000 and $100,000, respectively, of matching contributions paid by the Company.

(17) Commitments and Contingencies

The Company is not a party to any litigation, and, to its best knowledge, no action, suit, or proceeding has been threatened against the Company which are expected to have a material adverse effect on its financial condition, results of operations or liquidity.

(18) Joint Development Agreement

In June 2019, the Company entered into a joint development agreement with the University of South Dakota Research Park, Inc. ("USDRP") for the construction of a multi-tenant office building and a manufacturing building. Pursuant to the agreement, the Company also entered into a lease agreement for 41,195 square feet of leasable area located in the building. The lease will commence upon completion of the building for an initial term of 12 years at a monthly payment of approximately $118,000. Aurochs, LLC, a wholly owned subsidiary, was founded to manage the construction funds for this project. All pre-construction costs up to a budgeted $2.7 million were paid directly by the Company and reimbursed by USDRP. As of March 31, 2022 or December 31, 2021, USDRP has spent approximately $2.12 million in design costs for this facility, with approximately $580,000 of the $2.7 million budget remaining. There were no receivables or payables for this project as of March 31, 2022 or December 31, 2021. USDRP and the Company intend to secure outside funding for all expenses incurred after the pre-construction phase. If funding cannot be secured to finance the construction of this facility, the Company will not be required to refund any of the design costs incurred to date. Due to the work around SARS-2 and the JPEO contract (please refer to Note 5, *Revenue*, for additional information), this project is on hold as the

Company focuses on development of our current internal manufacturing capabilities and completion of the JPEO contract work which will continue through the end of 2022.

(19) Subsequent Events

On May 9, 2022, as a part of the Company's reorganization of its executive management, two executive positions were eliminated. Pursuant to the terms of the individual executive employment agreements, the Company incurred a total liability of approximately $700 thousand.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Form 10-Q. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. As a result of many factors, including those factors set forth in the section titled "Risk Factors," our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors." Please also refer to the section titled "Special Note Regarding Forward Looking Statements."

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We are a clinical-stage biopharmaceutical company advancing a new class of immunotherapies based on its human polyclonal and monoclonal antibodies. We have applied advanced genetic engineering and antibody science to develop transchromosomic (Tc) bovine herds that produce fully human antibodies targeted to specific diseases, including infectious diseases such as COVID-19 and influenza, immune system disorders including T1D and organ transplantation, and cancer. Our versatile and scalable DiversitAb platform is applicable to a wide range of human diseases, capable of producing specifically targeted, high-potency immunotherapies. The platform has been expanded and validated through funding awarded from U.S. government emerging disease and medical countermeasures programs, the most recent of which totals up to approximately $203.6 million. We are advancing clinical programs in two indications, and preclinical development in three indications. In addition, we are executing on two research collaborations with global pharmaceutical companies, including CSL Behring and an undisclosed collaboration.

We generated total revenue of $11.8 million and $16.9 million for the three months ended March 31, 2022 and 2021, respectively. Our revenue to date has been primarily derived from government grants, including for the development of a COVID-19 therapeutic. Approximately $78.2 million in funding remains for our current government grants, with an additional $1.6 million remaining for our current government grants pending approval of extensions on the funding for two of the grants.

We plan to focus a substantial portion of our resources on continued research and development efforts towards deepening our technology and expertise with our platform and as well as indications in infectious disease, autoimmune, and oncology indications. As a result, we expect to continue to make significant investments in these areas for the foreseeable future. We incurred research and development expenses of $13.3 million and $12.8 million for the three months ended March 31, 2022 and 2021, respectively, and general and administrative expenses of $5.2 million and $3.3 million for the three months ended March 31, 2022 and 2021, respectively. We have also experienced significant growth in our workforce in recent periods, increasing from 139 employees as of December 31, 2021, to 148 employees as of March 31, 2022. We expect to continue to incur significant expenses, and we expect such expenses to increase substantially in connection with our ongoing activities, including as we:

- invest in research and development activities to optimize and expand our DiversitAb platform;
- develop new and advance preclinical and clinical progress of pipeline programs;
- market to and secure partners to commercialize our products;
- expand and enhance operations to deliver products, including investments in manufacturing;
- acquire businesses or technologies to support the growth of our business;
- continue to establish, protect and defend our intellectual property and patent portfolio;
- operate as a public company.

To date, we have primarily financed our operations from government agreements, including for the development of a COVID-19 therapeutic and Rapid Response Antibody Program, and the issuance and sale of common stock.

Our net income for the three months ended March 31, 2022 was $1.0 million and our net income for the three months ended March 31, 2021 was $1.4 million. As of March 31, 2022, we had an accumulated deficit of $28.1 million with cash and cash equivalents totaling $22.4 million.

Recent Developments

PPP Loan

In February 2021, we submitted a forgiveness application related to our Paycheck Protection Program (or PPP) loan (PPP Loan). In March 2021, the U.S. Small Business Administration (SBA) approved the forgiveness of the PPP Loan, plus accrued interest.

Business Combination

On October 22, 2021, we consummated the Business Combination pursuant to that certain Agreement and Plan of Merger, dated June 21, 2021 ("Business Combination Agreement"), by and among Big Cypress Acquisition Corp. (BCYP), Big Cypress Merger Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of BCYP, and SAB Biotherapeutics, Inc., which changed its name to SAB Sciences, Inc. and became our wholly-owned subsidiary in connection with the Business Combination (and which we refer to now as Legacy SAB). Upon completion of the Business Combination, and pursuant to the terms of the Business Combination Agreement, the stockholders of Legacy SAB exchanged their Legacy SAB shares for our shares of common stock, and options to purchase shares of Legacy SAB were converted into options to purchase our shares of common stock. Additionally, (i) we issued 10,491,937 shares of common stock to the former stockholders of Legacy SAB, which are being held in escrow and which will be released if certain conditions are met prior to October 22, 2026, and (ii) we granted 1,508,063 contingently issuable restricted stock units to the holders of Legacy SAB options, which restricted stock units will be settled in our shares of common stock if the same conditions are met prior to October 22, 2026. For more information, see Note 1 to our consolidated financial statements, *Nature of Business*.

Key Factors Affecting Our Results of Operations and Future Performance

We believe that our financial performance has been, and in the foreseeable future will continue to be, primarily driven by multiple factors as described below, each of which presents growth opportunities for our business. These factors also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations. Our ability to successfully address these challenges is subject to various risks and uncertainties, including those described in the section captioned “Part I, Item 1A, Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and supplemented with the following revised or additional risk factors in “Part II, Item 1A, Risk Factors.”

Components of Results of Operations

Revenue

Our revenue has historically been generated through grants from government and other (non-government) organizations. We currently have no commercially-approved products.

Grant revenue is recognized for the period that the research and development services occur, as qualifying expenses are incurred or conditions of the grants are met. We concluded that payments received under these grants represent conditional, nonreciprocal contributions, as described in Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, and that the grants are not within the scope of ASC 606, *Revenue from Contracts with Customers*, as the organizations providing the grants do not meet the definition of a customer. Expenses for grants are tracked by using a project code specific to the grant, and the employees also track hours worked by using the project code.

For the three months ended March 31, 2022 and 2021, we worked on the following grants:

Government grants

The total revenue for government grants was approximately $11.8 million and $16.9 million respectively, for the three months ended March 31, 2022 and 2021.

National Institute of Health – National Institute of Allergy and Infectious Disease (“NIH-NIAID”) (Federal Award #1R44AI117976-01A1) – this grant was for $1.4 million and started in September 2019 through August 2021. For the three months ended March 31, 2022 and 2021, there was approximately $27,000 and $56,000, respectively, in grant income recognized. The Company applied for an extension on the grant funding, and the extension is pending approval—we have not historically experienced challenges renewing grant funding. If approved, there is approximately $186,000 in funding remaining for this grant as of March 31, 2022.

NIH-NIAID (Federal Award #1R41AI131823-02) – this grant was for approximately $1.5 million and started in April 2019 through March 2021. The grant was subsequently amended to extend the date through March 2022. For the three months ended March 31, 2022 and 2021, there was approximately $13,000 and $9,000 respectively, in grant income recognized. There is approximately $801,000 in funding remaining for this grant as of March 31, 2022.

NIH-NIAID through Geneva Foundation (Federal Award #1R01AI132313-01, Subaward #S-10511-01) – this grant was for approximately $2.7 million and started in August 2017 through July 2021. For the three months ended March 31, 2022 and 2021 there was approximately $23,000 and $0, respectively, in grant income recognized from this grant. The Company applied for an extension on the grant funding, and the extension is pending approval—we have not historically experienced challenges renewing grant funding. If approved, there is approximately $1.4 million in funding remaining for this grant as of March 31, 2022.

Department of Defense, Joint Program Executive Office for Chemical, Biological, Radiological and Nuclear Defense Enabling Biotechnologies (“JPEO”) through Advanced Technology International – this grant was for a potential of $25 million, awarded in stages starting in August 2019 and with potential stages running through February 2023. Additional contract modifications were added to this contract in 2020 and 2021 for work on a COVID therapeutic, bringing the contract total to $204 million. For the three months ended March 31, 2022 and 2021, there was approximately $11.7 million and $16.9 million, respectively, in grant income recognized from this grant. There is approximately $77.4 million in funding remaining for this grant as of March 31, 2022.

The grants for the JPEO contract are cost reimbursement agreements, with reimbursement of our direct research and development expense (labor and consumables) with an overhead charge (based on actual, reviewed quarterly) and a fixed fee (9%).

Operating Expenses

Research and Development Expenses

Research and development expenses primarily consist of salaries, benefits, incentive compensation, stock-based compensation, laboratory supplies and materials for employees and contractors engaged in research and product development, licensing fees to use certain technology in our research and development projects, fees paid to consultants and various entities that perform certain research and testing on our behalf. Research and development expenses are tracked by target/project code. Indirect general and administrative costs are allocated based upon a percentage of direct costs. We expense all research and development costs in the period in which they are incurred.

Research and development activities consist of discovery research for our platform development and the various indications we are working on. We have not historically tracked our research and development expenses on a product candidate-by-product candidate basis.

For the three months ended March 31, 2022 and 2021, we had contracts with multiple contract research organizations ("CRO") to conduct and complete clinical studies. In the case of SAB-185, the CRO has been contracted and paid by the US government. For SAB-176, PPD Development, LP, acting as CRO oversaw the Phase 1 safety study. The terms of that agreement are subject to confidentiality, and the status of the agreement is that it is current, in good standing and approximately 90% of the contract has been paid through December 31, 2021. SAB has also contracted with hVIVO Services Limited to conduct the Phase 2a influenza study on SAB-176. The terms of that agreement are subject to confidentiality, and the status of the agreement is that it is current, in good standing and approximately 90% of the contract has been paid through March 31, 2022.

We expect to continue to incur substantial research and development expenses as we conduct discovery research to enhance our platform and work on our indications. We expect to hire additional employees and continue research and development and manufacturing activities. As a result, we expect that our research and development expenses will continue to increase in future periods and vary from period to period as a percentage of revenue.

Major components within our research and development expenses are salaries and benefits (laboratory & farm), laboratory supplies, animal care, contract manufacturing, clinical trial expense, outside laboratory services, project consulting, and facility expense. Our platform allows us to work on multiple projects with the same resources, as the research and development process of each product is very similar (with minimal differences in the manufacturing process). Research and development expenses by component for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Salaries & benefits	$ 3,346,934	$ 2,015,631
Laboratory supplies	1,926,698	3,805,074
Animal care	677,703	1,056,303
Contract manufacturing	4,429,203	3,635,633
Clinical trial expense	57,318	128,691
Outside laboratory services	1,216,094	944,632
Project consulting	401,324	421,741
Facility expense	1,228,039	670,077
Other expenses	41,031	104,222
Total research and development expenses	$ 13,324,344	$ 12,782,004

General and Administrative Expenses

General and administrative expenses primarily consist of salaries, benefits, and stock-based compensation costs for employees in our executive, accounting and finance, project management, corporate development, office administration, legal and human resources functions as well as professional services fees, such as consulting, audit, tax and legal fees, general corporate costs and allocated overhead expenses. General and administrative expenses also include rent and facilities expenses allocated based upon total direct costs. We expect that our general and administrative expenses will continue to increase in future periods, primarily due to increased headcount to support anticipated growth in the business and due to incremental costs associated with operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a securities exchange and costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC and stock exchange listing standards, public relations, insurance and professional services. We expect these expenses to vary from period to period in absolute terms and as a percentage of revenue.

Nonoperating (Expense) Income

Gain on change in fair value of warrant liabilities

Gain on change in fair value of warrant liabilities consists of the changes in the fair value of the warrant liabilities.

Gain on debt extinguishment of Paycheck Protection Program SBA Loan

Gain on extinguishment of debt consists of the forgiveness of the PPP Loan, plus accrued interest.

Other income

Other income consists of primarily of gains on disposals of fixed assets.

Interest income

Interest income consists of interest earned on cash balances in our bank accounts.

Interest expense

Interest expense consists primarily of interest related to borrowings under notes payable for equipment.

Income Tax Expense

Income tax expense consists primarily of domestic federal and state income taxes.

Results of Operations

The following tables set forth our results of operations for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Revenue		
Grant revenue	$ 11,803,077	$ 16,927,734
Total revenue	11,803,077	16,927,734
Operating expenses		
Research and development	13,324,344	12,782,004
General and administrative	5,186,072	3,331,806
Total operating expenses	18,510,416	16,113,810
Income (loss) from operations	(6,707,339)	813,924
Changes in fair value of warrant liabilities	7,849,572	—
Gain on debt extinguishment of Paycheck Protection Program SBA Loan	—	665,596
Interest expense	(72,022)	(75,192)
Interest income	7,933	5,506
Total other income	7,785,483	595,910
Income before income taxes	1,078,144	1,409,834
Income tax expense	92,281	—
Net income	$ 985,863	$ 1,409,834

Comparison of the three months ended March 31, 2022 and 2021

Revenue

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Revenue	$ 11,803,077	$ 16,927,734	$ (5,124,657)	(30.3)%
Total revenue	$ 11,803,077	$ 16,927,734		

Revenue decreased by $5.1 million, or 30.3%, in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to a decrease in work performed under the JPEO government grant. Included in revenues for the three months ended March 31, 2022 is $0.3 million for fixed asset purchases, as compared to $1.8 million for fixed asset reimbursement and $1.5 million for animal purchases for the three months ended March 31, 2021. We anticipate future revenues will be substantially derived from current period directly reimbursable expenses such as laboratory supplies, labor costs, and consulting fees plus, when applicable, an overhead charge and a flat-rate fixed fee. Our belief is future period total revenues will trend roughly in line with total research and development expenses incurred in the same period.

Research and Development

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Research and development	$ 13,324,344	$ 12,782,004	$ 542,340	4.2%
Total research and development expenses	$ 13,324,344	$ 12,782,004		

Research and development expenses increased by $0.6 million, or 4.4%, in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to increased headcount in the research and development function, contract manufacturing, increased clinical work, and increases in our production capacity and the associated expenses for materials and supplies supporting research and development activities. Please refer to the research and development expenses by component for the three months ended March 31, 2022 and 2021 table above for additional information.

General and Administrative

	Three Months Ended March 31,			
	2022	2021	Change	% Change
General and administrative	$ 5,186,072	$ 3,331,806	$ 1,854,266	55.7%
Total general and administrative expenses	$ 5,186,072	$ 3,331,806		

General and administrative expenses increased by $1.9 million, or 55.8%, in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to increases in business, regulatory consulting, and other compliance costs (year-over-year increase of $0.9 million, 103%); insurance costs (year-over-year increase of $0.7 million, 2,786%); and recruiting expenses (year-over-year increase of $0.1 million, 477%). Further, we recognized considerable increased expenses as a result of becoming a public company in 2021 (year-over-year increase for corporate governance and other support costs of $0.3 million, 173%).

Non-operating Income

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Changes in fair value of warrant liabilities	$ 7,849,572	$ —	$ 7,849,572	N/M
Gain on debt extinguishment of Paycheck Protection Program SBA Loan	—	665,596	(665,596)	N/M
Total non-operating income	$ 7,849,572	$ 665,596		

Total non-operating income changed by $7.2 million in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to changes in the fair value of the warrant liabilities, partially offset by the forgiveness of the PPP Loan, plus accrued interest, in 2021.

Interest Expense

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Interest expense	$ 72,022	$ 75,192	$ (3,170)	(4.2)%
Total interest expense	$ 72,022	$ 75,192		

Interest expense remained largely unchanged in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, driven by adding no new Finance Leases or other interest-bearing debt.

Interest Income

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Interest income	$ 7,933	$ 5,506	$ 2,427	44.1%
Total interest income	$ 7,933	$ 5,506		

Interest income remained largely unchanged in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, due to higher cash balances, offset by lower interest rates on money market funds, along with higher bank fees.

Income Tax Expense

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Income tax expense	$ 92,281	$ —	$ 92,281	N/M
Total income tax expense	$ 92,281	$ —		

Income tax expense increased by approximately $92,000 in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily attributable to the elimination of the existing option to deduct research and development expenditures and requirement for taxpayers to amortize them over five years pursuant to IRC Section 174.

Starting in 2022, TCJA amendments to IRC Section 174 will no longer permit an immediate deduction for research and development (R&D) expenditures in the tax year that such costs are incurred. The 2022 first quarter effective income tax rate was impacted by the Section 174 capitalization requirement combined with the restriction on net operating losses to only reduce taxable income by 80%. We will continue to recognize income tax expense and make quarterly estimated tax payments under enacted tax rates and laws expected to be in effect for the current tax year.

Liquidity and Capital Resources

As of March 31, 2022 and December 31, 2021, we had $22.4 million and $33.2 million, respectively, of cash and cash equivalents. Additionally, as of December 31, 2021 we had $6.3 million in restricted cash held in escrow pending the final settlement of the Forward Share Purchase Agreement. Upon final settlement of the Forward Share Purchase Agreement, $817,060 in cash was released to the Company and the remaining $5.5 million was delivered to Radcliffe for the repurchase of 546,658 shares of the Company's common stock. To date, we have primarily relied on grant revenue in the form of government grants and the sale of common stock.

Our standard repayment terms for accounts receivable are thirty days from the invoice date. As a majority of our accounts receivable is from work performed under government grants, we have not had an uncollectible accounts receivable amount in over 5 years.

We intend to continue to invest in our business and, as a result, may incur operating losses in future periods. We expect to continue to invest in research and development efforts towards expanding our capabilities and expertise along our platform and the indications we are working on, as well as building our business development team and marketing our solutions to partners in support of the growth of the business. Based on our current business plan, we believe the net proceeds from the Business Combination, together with our existing cash and cash equivalents and anticipated cash flows from operations, will be sufficient to meet our working capital and capital expenditure needs over at least the next twelve months.

Our future capital requirements will depend on many factors, including, but not limited to our ability to successfully secure additional government grants and to secure contracts with new partners for the successful development and commercialization of our products. If we are unable to execute on our business plan and adequately fund operations, or if the business plan requires a level of spending in excess of cash resources, we may be required to negotiate partnerships in which we receive greater near-term payments at the expense of potential downstream revenue. Alternatively, we may need to seek additional equity or debt financing, which may not be available on terms acceptable to us or at all. To the extent that we raise additional capital through the sale of equity or convertible debt

securities, the ownership interest of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common shareholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants restricting our ability to take specific actions, such as incurring additional debt, selling or licensing our assets, making product acquisitions, making capital expenditures, or declaring dividends. If we are unable to generate sufficient revenue or raise additional capital when desired, our business, financial condition, results of operations and prospects would be adversely affected.

Sources of Liquidity

Since our inception, we have financed our operations primarily from revenue in the form of government grants and from equity financings.

Equity Financings and Option Exercises

As of March 31, 2022, we have raised approximately $82.5 million since our inception from the issuance and sale of convertible preferred shares, net of issuance costs associated with such financings, the Business Combination with BCYP, and exercises of employee stock options.

We are not currently eligible to file a shelf registration statement; however, we believe that shelf registration statements can contribute, when used, to greater financing flexibility. To that end, we plan to file a shelf registration statement on Form S-3 with the SEC once we are eligible to do so. Until such time, if ever, we can generate substantial product revenue to support our cost structure, we expect to finance our cash needs through a combination of government or non-profit grants, equity offerings, debt financings, collaborations, and other similar arrangements.

Notes payable

In December 2017, the Company entered into a loan agreement for the purchase of a tractor for $116,661 at a 3.6% interest rate. The loan included annual payments of $25,913 for the next five years starting in December 2018. The tractor loan balance as of March 31, 2022 and December 31, 2021 was $25,013. The total amount of the remaining loan balance is due in full in the fourth quarter of 2022.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). In April 2020, the Company entered into a loan agreement (the “PPP Loan”) with First Premier Bank under the Paycheck Protection Program (the “PPP”), which is part of the CARES Act administered by the United States Small Business Administration (“SBA”). As part of the application for these funds, the Company, in good faith, certified that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. The certification further requires the Company to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. Under the PPP, the Company received proceeds of approximately $661,612. In accordance with the requirements of the PPP, the Company utilized the proceeds from the PPP Loan primarily for payroll costs. The PPP Loan has a 1.00% interest rate per annum, matures in April 2022 and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Under the terms of PPP, all or certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses, as described in the CARES Act. The Company recorded the entire amount of the PPP Loan as debt. In February 2021, the Company submitted a forgiveness application related to its PPP Loan. In March 2021, the SBA approved the forgiveness of the PPP Loan, plus accrued interest. We recorded a gain on extinguishment of PPP Loan of $665,596 for the forgiveness of the PPP Loan and accrued interest within gain on debt extinguishment of Paycheck Protection Program SBA Loan on the consolidated statement of operations for the three months ended March 31, 2021.

Please refer to Note 10 to the Company's consolidated financial statements, *Notes Payable*, for additional information on our debt.

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Net cash (used in) provided by operating activities	$ (10,293,508)	$ 9,453,495
Net cash used in investing activities	(1,280,934)	(1,890,156)
Net cash used in financing activities	(5,562,167)	(45,471)
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (17,136,609)	$ 7,517,868

Operating Activities

Net cash from operating activities decreased by $19.7 million in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to a $5.1 million decrease in revenue, $2.0 million increase in general and administrative expenses, along with an increase non-cash working capital (excluding impacts of the Forward Purchase Agreement) of $5.1 million.

Investing Activities

Net cash from investing activities increased by $0.6 million in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to a decrease in purchases of equipment and substantial completion of the HQ expansion.

Financing Activities

Net cash from financing activities decreased by $5.5 million in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, primarily due to the final settlement of the Forward Share Purchase Agreement whereby $5.5 million of restricted cash was utilized for a repurchase of 546,658 shares of the Company's common stock.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of March 31, 2022:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Notes payable (1)	$ 25,013	$ 25,013	$ —	$ —	$ —
Operating lease liabilities (2)	2,634,446	1,239,615	1,394,831	—	—
Finance lease liabilities (2)	6,719,586	427,061	805,413	802,992	4,684,120
Total	$ 9,379,045	$ 1,691,689	$ 2,200,244	$ 802,992	$ 4,684,120

(1) One remaining annual payment on the purchase of a tractor.

(2) We are party to certain contractual arrangements for equipment, lab space, and an animal facility, which meet the definition of leases under FASB ASC Topic 842, *Leases* (“ASC 842”).

We enter into contracts in the normal course of business with third parties, including CROs. These payments are not included in the table above, as the amount and timing of such payments are not known.

As of March 31, 2022, there were no material changes outside of the ordinary course of business to our commitments and contractual obligations.

Income Taxes

We had approximately $22.4 million of federal net operating loss carryforwards as of March 31, 2022. Our carryforwards are subject to review and possible adjustment by the appropriate taxing authorities. Our effective tax rate will vary depending on the relative use of tax credits, changes in the valuation of our deferred tax assets and liabilities, applicability of any valuation allowances, limitation of application for our NOL carryforwards, and changes in tax laws in jurisdictions in which we operate.

These carryforwards may generally be utilized in any future period but may be subject to limitations based upon changes in the ownership of our shares in a prior or future period. We have not quantified the amount of such limitations, if any.

Beginning in 2022, the U.S. Tax Cuts and Jobs Act of 2017 (“TCJA”) eliminated the existing option to deduct research and development expenditures and requires taxpayers to amortize them over five years pursuant to IRC Section 174. The new amortization period begins with the midpoint of any taxable year that IRC Section 174 costs are first incurred, regardless of whether the expenditures were made prior to or after July 1, and runs until the midpoint of year five for activities conducted in the United States or year 15 in the case of development conducted on foreign soil.

The Company continues to record a valuation allowance on its net deferred tax assets. The valuation allowance increased by approximately $1.6 million during the three months ended March 31, 2022. The company has not recognized any reserves for uncertain tax positions.

Off-Balance Sheet Arrangements

We did not have, for the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our preparation of these consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to the Company's consolidated financial statements, *Summary of Significant Accounting Policies*, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Our revenue is primarily generated through grants from government and other (non-government) organizations.

Grant revenue is recognized for the period that the research and development services occur, as qualifying expenses are incurred, or conditions of the grants are met. We concluded that payments received under these grants represent conditional, nonreciprocal contributions, as described in ASC 958, *Not-for-Profit Entities*, and that the grants are not within the scope of ASC 606, *Revenue from Contracts with Customers*, as the organizations providing the grants do not meet the definition of a customer. Expenses for grants are tracked by using a project code specific to the grant, and the employees also track hours worked by using the project code.

Stock-Based Compensation

We recognize compensation cost relating to stock-based payment transactions using a fair-value measurement method, which requires all stock-based payments to employees, directors, and non-employee consultants, including grants of stock options, to be recognized in operating results as compensation expense based on fair value over the requisite service period of the awards. Prior to the Business Combination, the grant date fair value of our common stock was typically determined by our board of directors with the assistance of management and a third-party valuation specialist. Subsequent to the Business Combination, the board of directors elected to determine the fair value of our post-merger common stock based on the closing market price at closing on the date of grant. In determining the fair value of our stock-based awards, we utilize the Black-Scholes option-pricing model, which uses both historical and current market data to estimate fair value. The Black-Scholes option-pricing model incorporates various assumptions, such as the value of the underlying common stock, the risk-free interest rate, expected volatility, expected dividend yield, and expected life of the options. For awards with performance-based vesting criteria, we estimate the probability of achievement of the performance criteria and recognize compensation expense related to those awards expected to vest. No awards may have a term in excess of ten years. Forfeitures are recorded when they occur. Stock-based compensation expense is classified in our consolidated statements of operations based on the function to which the related services are provided. We recognize stock-based compensation expense over the expected term.

In addition to considering the results of the independent third-party valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common shares as of each grant date, which may be a date other than the most recent independent third-party valuation date, including:

- the prices at which we most-recently sold preferred shares and the superior rights and preferences of the preferred shares relative to our common shares at the time of each grant;
- the lack of liquidity of our equity as a private company;
- our stage of development and business strategy and the material risks related to our business and industry;
- our financial condition and operating results, including our levels of available capital resources and forecasted results;
- developments in our business, including the achievement of milestones such as entering into partnering agreements;
- the valuation of publicly traded companies in the life sciences, biopharmaceutical and healthcare technology sectors, as well as recently completed mergers and acquisitions of peer companies;
- any external market conditions affecting our industry, and trends within our industry;
- the likelihood of achieving a liquidity event for the holders of our preferred shares and holders of our common shares, such as an initial public offering, or IPO, or a sale of our company, given prevailing market conditions; and
- the analysis of IPOs and the market performance of similar companies in our industry.

The assumptions underlying these valuations represented management's best estimates, which involved inherent uncertainties and the application of management's judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, the fair value of our common shares and our stock-based compensation expense could be materially different.

See Note 12 to the Company's consolidated financial statements, *Stock Option Plan*, for information concerning certain specific assumptions we used in applying the Black-Scholes option pricing model to determine the estimated fair value of our stock options granted for the three months ended March 31, 2022 and 2021.

Stock-based compensation expense was $0.9 million and $0.3 million for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022, we had $7.5 million of total unrecognized stock-based compensation cost related to non-vested options, which we expect to recognize in future operating results over a weighted-average period of 2.27 years.

Warrant Liabilities Valuations

We are required to periodically estimate the fair value of our Private Placement Warrant liabilities with the assistance of an independent third-party valuation firm. The assumptions underlying these valuations represented our best estimates, which involved inherent uncertainties and the application of significant levels of our judgment. The fair value of our Public Warrant liabilities are determined by reference to the quoted market price.

The warrants are accounted for as liabilities in accordance with ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, and were presented within warrant liabilities on the consolidated balance sheet as of March 31, 2022 and December 31, 2021. The initial fair value of the warrant liabilities were measured at fair value on the Closing Date, and changes in the fair value of the warrant liabilities were presented within changes in fair value of warrant liabilities in the consolidated statement of operations for the three months ended March 31, 2022.

On the Closing Date, we established the fair value of the Private Placement Warrants utilizing both the Black-Scholes Merton formula and a Monte Carlo Simulation ("MCS") analysis. Specifically, we considered a MCS to derive the implied volatility in the publicly listed price of the Public Warrants. We then considered this implied volatility in selecting the volatility for the application of a Black-Scholes Merton model for the Private Placement Warrants. We determined the fair value of the Public Warrants by reference to the quoted market price.

The Public Warrants were classified as a Level 1 fair value measurement, due to the use of the quoted market price, and the Private Placement Warrants held privately by Big Cypress Holdings LLC, a Delaware limited liability company which acted as the Company's sponsor in connection with the IPO (the "Sponsor"), were classified as a Level 3 fair value measurement, due to the use of unobservable inputs.

The initial measurement on the Closing Date for the Public Warrant liability was approximately $6.3 million and the change in fair value of the Public Warrant liability was approximately $4.0 million for the year ended December 31, 2021. The change in fair value of the Public Warrant liability for the three months ended March 31, 2022 was approximately $7.5 million

The key inputs into the valuations as of the March 31, 2022 and December 31, 2021 were as follows:

	March 31, 2022	December 31, 2021
Risk-free interest rate	2.42%	1.24%
Expected term remaining (years)	4.56	4.81
Implied volatility	49.0%	43.0%
Closing common stock price on the measurement date	$ 3.76	$ 7.81

See Note 13 to the Company's consolidated financial statements, *Fair Value Measurements*, for information concerning certain specific assumptions we used in applying the Black-Scholes Merton formula and MCS to determine the estimated fair value of the Private Placement Warrants outstanding for the three months ended March 31, 2022.

Common Stock Valuations

Prior to becoming a public company, we were required to periodically estimate the fair value of our common stock with the assistance of an independent third-party valuation firm, as discussed above, when issuing stock options and computing our estimated stock-based compensation expense. The assumptions underlying these valuations represented our best estimates, which involved inherent uncertainties and the application of significant levels of our judgment. In order to determine the fair value of our common stock, we considered, among other items, previous transactions involving the sale of our securities, our business, financial condition and results of operations, economic and industry trends, the market performance of comparable publicly traded companies, and the lack of marketability of our common stock.

Subsequent to the Business Combination, we now determine the fair value of our common stock based on the closing market price at closing on the date of grant.

Compensation expense related to stock-based transactions is measured and recognized in the financial statements at fair value of our post-merger common stock based on the closing market price at closing on the date of grant. Stock-based compensation expense is measured at the grant date based on the fair value of the equity award and is recognized as expense over the requisite service period, which is generally the vesting period, on the straight-line method. We estimate the fair value of each stock option award on the date of grant using the Black-Scholes option-pricing model. Determining the fair value of stock option awards at the grant date requires judgment, including estimating the expected volatility, expected term, risk-free interest rate, and expected dividends.

Lease Liabilities and Right-of-Use Assets

We are party to certain contractual arrangements for equipment, lab space, and an animal facility, which meet the definition of leases under ASC 842. In accordance with ASC 842, we, as of January 1, 2018 (the date of adoption), recorded right-of-use assets and related lease liabilities for the present value of the lease payments over the lease terms. We utilized the practical expedient regarding lease and non-lease components and have combined such items into a single combined component. Our incremental borrowing rate was used in the calculation of our right-of-use assets and lease liabilities.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 3 to our consolidated financial statements, *New Accounting Standards.*

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus, or COVID-19, as a pandemic, which continues to spread throughout the U.S. and worldwide. As with many companies around the world, our day-to-day operations were disrupted with the imposition of work from home policies and requirements for physical distancing for any personnel present in our offices and laboratories. The pandemic has also disrupted our activities as shelter-in-place orders, quarantines, supply chain disruptions, travel restrictions and other public health safety measures have impacted our ability to interact with our existing and potential partners for our activities. However, the COVID-19 pandemic did not materially impact our business, operating results, or financial condition. There is significant uncertainty as to the trajectory of the pandemic and its impacts on our business in the future. We could be materially and adversely affected by the risks, or the public perception of the risks, related to the COVID-19 pandemic or similar public health crises. Such crises could adversely impact our ability to conduct on-site laboratory activities, expand our laboratory facilities, secure critical supplies such as reagents, laboratory tools or immunized animals required for discovery research activities, and hire and retain key personnel. The ultimate extent of the impact of any epidemic, pandemic, outbreak, or other public health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic,

outbreak, or other public health crisis and actions taken to contain or prevent the further spread, among others. Accordingly, we cannot predict the extent to which our business, financial condition and results of operations will be affected. We remain focused on maintaining our operations, liquidity and financial flexibility and continue to monitor developments as we deal with the disruptions and uncertainties from the COVID-19 pandemic.

JOBS Act Accounting Election

We qualify as an "emerging growth company" as defined in the JOBS Act. An emerging growth company may take advantage of reduced reporting requirements that are not otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q;
- not being required to comply with the auditor attestation requirements on the effectiveness of our internal controls over financial reporting;
- not being required to comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis);
- reduced disclosure obligations regarding executive compensation arrangements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may use these provisions until the last day of our fiscal year in which the fifth anniversary of the completion of our initial public offering occurred. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.07 billion, or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this Form 10-Q and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our shareholders may be different than the information you receive from other public companies in which you hold stock.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, until those standards apply to private companies. We have elected to take advantage of the benefits of this extended transition period and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards. Until the date that we are no longer an emerging growth company or affirmatively and irrevocably opt out of the exemption provided by Section 7(a)(2)(B) of the Securities Act upon issuance of a new or revised accounting standard that applies to our financial statements and that has a different effective date for public and private companies, we will disclose the date on which we will adopt the recently issued accounting standard.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Concentration of Credit Risk

We received 100% and of our total revenue through grants from government organizations for the three months ended March 31, 2022 and 2021, respectively. To date, no receivables have been written off.

Interest Rate Risk

As of March 31, 2022 and December 31, 2021, we had a cash and cash equivalents of $22.4 million and $33.2 million, respectively, all of which was maintained in bank accounts and money market funds in the U.S. Our primary exposure to market risk is to interest income volatility, which is affected by changes in the general level of interest rates. As such rates are at a near record low, a 10% change in the market interest rates would not have a material effect on our business, financial condition, or results of operations. Additionally, as of December 31, 2021, we had $6.3 million in restricted cash.

Foreign Currency Risk

We conduct our business in U.S. dollars and, thus, are not exposed to financial risks from exchange rate fluctuations between the U.S. dollar and other currencies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer has evaluated the effectiveness of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material litigation, nor are we aware of any pending or threatened litigation against us that we believe would materially affect our business, operating results, financial condition, or cash flows. Participants in our industry face frequent claims and litigation, including securities litigation, claims regarding patent and other intellectual property rights, and other liability claims. As a result, we may be involved in various legal proceedings from time to time in the future.

Item 1A. Risk Factors.

The risk factors described in the section captioned “Part I, Item 1A, Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, are incorporated herein, and supplemented with the following revised or additional risk factors

We are a clinical-stage biopharmaceutical company and have incurred significant losses since our inception. We realized net loss in the fiscal year ended December 31, 2021, we may incur losses for the foreseeable future and may not be able to generate sufficient revenue to maintain profitability.

We are a clinical-stage biopharmaceutical company. We expect to experience variability in revenue and expenses which makes it difficult to evaluate our business and prospects. As such, we have incurred and anticipate that we will continue to incur significant operating losses in the foreseeable future. Our historical losses resulted principally from costs incurred in research and development, preclinical testing, clinical development of product candidates as well as costs incurred for research programs and from general and administrative costs associated with these operations. In the future, we intend to continue to conduct research and development, preclinical testing, clinical trials, and regulatory compliance activities that, together with anticipated general and administrative expenses, will result in incurring further significant losses for the next several years. We expect that our operating expenses will continue to increase significantly, including as we:

- continue the research and development of our clinical- and preclinical-stage product candidates and discovery stage programs, including the clinical trials of SAB-185 and SAB-176;
- advance our preclinical-stage product candidates into clinical development;
- invest in our technology and platform;
- seek to identify, acquire and develop additional product candidates, including through business development efforts to invest in or in-license other technologies or product candidates;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- market and sell our solutions to existing and new partners;
- hire additional clinical, quality control, medical, scientific and other technical personnel to support our operations;
- maintain, expand, enforce, protect, and defend our intellectual property portfolio;
- create additional infrastructure to support operations;
- add operational, financial, and management information systems and personnel to support operations as a public company; and
- undertake any pre-commercialization activities to establish sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval in regions where we choose to commercialize our products on our own or jointly with third parties; and
- experience any delays or encounter issues with any of the above.

Biopharmaceutical product development entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval, secure market access and reimbursement and become commercially viable, and therefore any investment in us is highly speculative. Accordingly, before making an investment in us, you should consider our prospects, factoring in the costs, uncertainties, delays, and difficulties frequently

encountered by companies in clinical development, especially clinical-stage biopharmaceutical companies such as ours. Any predictions you make about our future success or viability may not be as accurate as they would otherwise be if we had a longer operating history or a history of successfully developing and commercializing pharmaceutical products. We may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors in achieving our business objectives.

Our expenses could increase beyond expectations for a variety of reasons, including as a result of our growth strategy and the increase in the scope and complexity of our operations. In executing our strategy and plans to invest in enhancing and scaling our business, we will need to generate significant additional revenue to achieve and maintain future profitability. We may not be able to generate sufficient revenue to achieve profitability and our recent and historical growth should not be considered indicative of future performance.

We are party to a contracting agreement with the US federal government which could be subject to revision or termination at the discretion of the US federal government

We are executing on an award agreement (Project Agreement No. 01; MCDC1902-007) with the U.S. federal Government (USG) that is structured as a cost reimbursement agreement that includes a defined scope and budget and represents the substantial majority of our revenues. The USG has the right to discontinue the agreement and wind-down or change the scope of the projects within the agreement. In the event the USG stops or alters the scope of the project, such action could have a material impact on our financial performance. Further, the agreement contains general purpose and limited purpose rights of USG, which include the sharing of certain types of information and a right to negotiate reasonable access to physical assets that have been funded by USG.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.

The global credit and financial markets have experienced extreme volatility and disruptions in the past, most recently as a result of the COVID-19 pandemic. These disruptions can result in severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our operations, growth strategy, financial performance and stock price and could require it to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers may not survive an economic downturn, which could directly affect our ability to attain our operating goals on schedule and on budget.

Changes in tax laws and regulations or exposure to additional tax liabilities could adversely affect our financial results.

Beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminates the option to deduct research and development expenditures and requires taxpayers to amortize them over five years pursuant to IRC Section 174. Although Congress is considering legislation that would defer the amortization requirement to later years, we have no assurance that the provision will be repealed or otherwise modified. If the requirement is not modified or deferred it may materially reduce our cash flows beginning in 2022. Please refer to Note 14, *Income Taxes*, for additional information

The market price of our securities may be volatile, which could cause the value of any investment in our securities to decline.

The price of our securities may fluctuate significantly due to general market and economic conditions. An active trading market for our securities may not develop or, if developed, it may not be sustained. In addition, fluctuations in the price of our securities could contribute to the loss of all or part of your investment. Even if an active market for our securities develops and continues, the trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on an investment in our securities and our securities may trade at prices significantly below the price paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline. Factors affecting the trading price of our securities may include, but are not solely limited to, the risk factors identified herein.

The stock market in general, and Nasdaq and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business, operating results, or financial condition. In addition, our Business Combination resulted in our merging with a special purpose acquisition company, which can cause additional volatility in the price of our common stock and warrants. There has also been increased focus by government agencies on transactions such as our Business Combination in the last year, and we expect that increased focus to continue, and we may be subject to increased scrutiny by the SEC, other government agencies and holders of our securities, as a result. These market and industry factors may materially reduce the market price of our common stock and warrants regardless of our operating performance.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

On May 9, 2022, the Company executed a reorganization of its executive management. As part of the reorganization, the positions of Chief Corporate Communications & Investor Relations Officer, held by Melissa Ullerich, and Chief Business Officer, held by Rick Finnegan, were eliminated. As a result of the reorganization, Ms. Ullerich and Mr. Finnegan are no longer employed by the Company.

Item 6. Exhibits.

Exhibit Number	Description	Schedule/ Form	File No.	Exhibit	Filing Date
10.1¥	Executive Employment Agreement, dated November 17, 2021, by and between SAB Biotherapeutics, Inc. and Samuel J. Reich	8-K	001-39871	10.1	November 19, 2021
10.2¥	Employment Agreement, dated June 6, 2021 by and between SAB Biotherapeutics, Inc. and Melissa Ullerich.	10-K	001-39871	10.4	March 29, 2022
10.3¥*	Employment Agreement, dated March 1, 2021 by and between SAB Biotherapeutics, Inc. And Rick Finnegan				
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
99.1*	Press Release dated May 12, 2022				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

* Filed herewith.

¥ Denotes management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

SAB BIOTHERAPEUTICS, INC.

Date: May 12, 2022

By: */s/ Eddie J. Sullivan*
Eddie J. Sullivan
Chief Executive Officer

By: */s/ Russell Beyer*
Russell Beyer
Chief Financial Officer

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), dated as of the 01 day of March, 2021, is between SAB BIOTHERAPEUTICS, INC., a Delaware corporation (the "Company"), and Frederick J. Finnegan, an individual residing at 409 Lincoln Rd, Sudbury, MA 01776 ("Executive").

1. POSITION AND RESPONSIBILITIES

1.1. Position. Executive is employed by the Company to render services to the Company in the position of Chief Business Officer, EVP of Program Management. Executive shall perform such duties and responsibilities as are normally related to such position in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company. Executive shall abide by the reasonable rules, regulations, and practices of the Company as adopted or modified from time to time in the Company's sole discretion. Executive shall initially report to Chief Executive Officer.

1.2. Other Activities. Executive shall devote his or her full business time, attention and skill to perform any assigned duties, services and responsibilities while employed by the Company, for the furtherance of the Company's business, in a diligent, loyal and conscientious manner. Except upon the prior written consent of the Company, Executive will not, during the term of the Agreement, (i) accept any other employment or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) which might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company. Executive shall perform his or her duties primarily in South Dakota but such duties may from time to time require travel within the United States or abroad. These provisions shall not prohibit Executive from performing charitable, non-profit or eleemosynary activities as long as such activities do not interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company.

1.3. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, Executive's employment with the Company, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity. Executive will not use or bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person or entity to whom Executive has an obligation of confidentiality unless consented to in writing by that former employer or person or entity.

2. COMPENSATION AND BENEFITS

2.1. Base Salary. In consideration of the services to be rendered under this Agreement, the Company shall pay Executive a salary equivalent to Three Hundred Fifty-one Thousand Dollars ($351,000) per year ("Base Salary"). As an exempt employee, Executive is not eligible for overtime. The Base Salary shall be paid in accordance with Company's then-current payroll practices, Executive's Base Salary shall be reduced by withholdings required by law. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated executives and may be adjusted in the sole discretion of the Company.

2.2. Benefits. Executive shall be entitled to participate in the benefits made generally available by the Company to similarly situated executives, subject to the eligibility requirements under the applicable provisions of such plan.

2.3. Expenses. The Company shall reimburse Executive for reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with the Company's then-current expense reimbursement guidelines, as they may be amended in the Company's sole discretion.

3. TERM AND TERMINATION OF EMPLOYMENT

3.1. Term. Executive shall be employed by the Company for an initial term commencing on 01 March 2021 and ending 01 March 2022 (the "Term") unless sooner terminated by either party in accordance with this agreement; provided, however, the term of this Agreement will extend for one-year renewal periods on a year by year basis only in the sole discretion of the Company and will be terminated in writing not later than thirty (30) days prior to the end of each Term (each such extension, a 'Renewal Term').

3.2. General. Regardless of the reason for termination of Executive's employment with the Company, whether voluntarily or involuntarily, or with or without Cause, Executive shall be entitled to all compensation and benefits to which Executive is entitled due and owing through the last day actually worked by Executive or the date of termination whichever is earlier and thereafter the Company's obligation under this Agreement shall cease.

3.3. Definition of Cause. For purposes of this Agreement, Cause shall mean in the judgement of the Company: (i) Executive engages in any act or omission which is in bad faith and to the detriment of the Company; (ii) Executive willfully and materially violates any of the Company's then-current policies and procedures; (iii) Executive's willful failure to perform his or her duties under this Agreement; (iv) Executive exhibits unfitness for service, dishonesty, habitual neglect, persistent and serious deficiencies in performance, or incompetence; (v) Executive is convicted of, or there is an entry of guilty (or a *nolo contender*) plea by Executive to, a crime (other than a minor traffic violation); (vi) Executive materially breaches Sections 5, 6, or 7 of this Agreement; or (vii) Executive refuses or fails to act on any reasonable or lawful directive or order from the Company's Board of Directors or Executive's supervisor.

3.4. Definition of Disability. For purposes of this Agreement, the term "Disability" shall be defined as the Executive's incapacity due to physical or mental illness which results in his or her absence from the full-time performance of his or her duties under this Agreement for period of at least ninety (90) consecutive days during the time he or she is employed by the Company, provided, that in every case, this clause will not conflict with the Family and Medical Leave Act of 1993 (FMLA).

3.5. Termination Not for Cause, Death or Disability. Upon the termination of this Agreement by the Company's non-renewal of the Term or any Renewal Term, or if the Company terminates Executive's employment during the Term or any Renewal Term, for any reason other than for death, Disability, or Cause, and, in each such case, if Executive signs a release of claims in favor of the Company and its affiliates in a form acceptable to the Company, Executive will be entitled to the following:

(a) A severance payment equal to one (1) year Executive's then current Base Salary, payable either as a lump sum or in accordance with Company's then-current payroll practices, at the Company's discretion; provided, however, that if Executive violates any of the provision of Section 4, 5, 6, or 7 of this Agreement; and

(b) Applicable bonus amounts prorated for the portion of the calendar year in which Executive was employed so long as the Executive was employed by the Company as of April 1st of the year of the termination and the Company Board of Directors has approved a bonus plan for the year of the termination, payable at the end of Company's fiscal year following Executive's termination according to the Company's internal policies.

3.6. Termination for Cause. The Company may terminate the Executive's employment for Cause as defined in Section 3.3. In the event Executive's employment is terminated for Cause, the Company shall have no obligation to pay the severance amounts set forth in Section 3.5.

4. TERMINATION OBLIGATIONS

4.1. Return of Property. Executive agrees that all property (including without limitation all equipment, proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive or that Executive acquires by virtue of Executive's employment belongs to the Company and shall be immediately returned to the Company upon termination of Executive's employment, or immediately upon the Company's request prior to the Executive's termination of employment.

4.2. Cooperation. Following any termination of employment, Executive shall reasonably cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also reasonably cooperate with Company (at the Company's expense) in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company. If Executive has assigned one or more Inventions to the Company pursuant to this Agreement or otherwise, Executive shall reasonably cooperate with the Company in the execution of necessary legal documents to effectuate and complete such assignment.

5. NONDISCLOSURE.

5.1. Nondisclosure Obligations. Executive agrees that, during his or her employment by the Company and at all times thereafter, Executive will hold in strictest confidence and will not use, disclose, lecture upon or publish any of the Company's Proprietary Information, (defined in section 5.2 below), Third Party Information (defined in section 5.3 below), or Personal Information (defined in Section 5.4 below), except to the extent necessary to carry out his or her responsibilities as an employee of the Company or as specifically authorized in writing by a duly authorized officer of the Company other than Executive, or as otherwise required by law, in which case Executive shall promptly notify the Company of such requirement so that the Company is able to take appropriate measures to protect such Proprietary, Third Party or Personal Information.

5.2. Nondisclosure of Proprietary Information. "Proprietary Information" means all confidential and/or proprietary knowledge, data or information pertaining in any manner to the business of the Company unless (i) the information is or becomes generally known to the public through lawful means and through no fault of Executive; (ii) the information was part of Executive's general knowledge prior to the initial disclosure of the information by the Company or any personal under a duty of confidentiality; or (iii) the information is disclosed to Executive without restriction by a third party who rightfully possesses the information under no duty of confidentiality. Executive agrees that he or she has the burden of proving the applicability of any of the forgoing exceptions. The definition of "Proprietary Information" includes but is not limited to any and all (a) technical, non-technical, scientific, biological and other information, computer software whether in source code or object code form), programs, tools, data, research, designs, drawings, diagrams, plans, specifications, concepts, inventions, structure, improvements, products, prototypes, methods, techniques, know-how, trade secrets, hardware, devices, schematics, works in process, systems, technologies or applications; (b) financial and other information about costs, profits, markets, sales and pricing structures, customers, subscribers, donors, members, and bids; (c) plans, forecasts and strategies for business, marketing, future development and new product concepts; and (d) employee personnel files and information about employee compensation and benefits; in any form and whether or not labeled or identified as confidential or proprietary.

5.3. Non-Disclosure of Third Party Information. Executive understands that he or she will receive from third parties confidential, proprietary or otherwise private information ("Third Party Information") subject to a duty on the Company's part to maintain the confidentiality of such information

and to use it only for certain limited purposes. During the term of Executive's employment and thereafter, Executive will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use Third Party Information, except in connection with Executive's work for the Company, or unless expressly authorized by an officer of the Company in writing. Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination of employment for Cause under this Agreement and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary information unless agreed to in writing to by such third party.

5.4. Non-Disclosure of Personal Information. Executive understands that the Company has received, and in the future will receive, personally identifiable information from employees, consultants or third parties including names, addresses, telephone or facsimile numbers, Social Security Numbers, background information, credit card or banking information, health information, or other information entrusted to the Company ("Personal Information"). During the term of Executive's employment and thereafter, Executive will hold Personal Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use Personal Information, except in connection with Executive's work for the Company, or unless expressly authorized by an unrelated officer of the Company in writing. Executive understands that there are laws in the United States and other countries that protect Personal Information, and that Executive must not use Personal Information other than for the purpose for which it was originally used or make any disclosures of Personal Information to any third party or from one country to another without prior managerial approval.

5.5. Safeguarding Proprietary, Third Party or Personal Information. Executive understands that avoiding loss or theft of Proprietary, Third Party or Personal Information is an important part of Executive's duties. Executive will not allow any other person to use his or her office access card or computer passwords, without prior approval by the Executive Committee of the Company. Executive will follow all instructions from the Company, third parties with whom the Company does business about avoiding loss or theft of Proprietary, Third Party or Personal Information, including but not limited to placing appropriate legends upon documents signifying their sensitive nature. Executive will only use secure networks established by the Company when using Proprietary, Third Party or Personal Information. Executive will immediately report to the Company any loss or suspected loss of Proprietary, Third Party or Personal Information, and any suspicious activity such as external hacking attempts, or unusual internal activity.

5.6. Disposal of Proprietary, Third Party or Personal Information. Given the sensitivity of Proprietary, Third Party and Personal Information, Executive agrees that Executive shall only dispose of such information by secure methods approved by the Company.

5.7. Responsibility to Seek Prior Approval. Executive understands and agrees that the sensitivity of Proprietary, Third Party or Personal Information requires Executive to exercise caution when handling such information. If Executive ever has any doubt or hesitation about how to handle Propriety, Third Party or Personal Information, he or she understands and agrees that he or she must raise his or her concerns with Executive's supervisor before acting.

6. Assignment of Inventions

6.1. Proprietary Rights. The term "Proprietary Rights" shall mean all trade secret, patent, copyright, mask work and other intellectual property right or "moral rights" throughout the universe. "Moral Rights" refers to any rights to claim authorship of an Invention or to object to or prevent the modification of any Invention, or to withdraw from circulation or control the publication or distribution of

any Invention, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a “moral right.”

6.2. Prior Inventions. Inventions, if any, patented or unpatented, which Executive made prior to the commencement of his or her employment with the Company are excluded from the scope of this Agreement. To preclude any possible uncertainty, Executive has set forth on Exhibit A (Previous Inventions) attached hereto a complete list of all Inventions that Executive has, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to the commencement of Executive’s employment with the Company, that Executive considers to be Executive’s property or the property of third parties and that Executive wishes to have excluded from the scope of Agreement (collectively referred to as “Prior Inventions”). If disclosure of any such Prior Invention would cause Executive to violate any prior confidentiality agreement, Executive understands that he or she is not to fully disclose such Prior Inventions in Exhibit A but should only disclose a general name for each such invention, a listing of party(ies) to whom it belongs and the fact that full disclosure as to such inventions has not been made for that reason. A space is provided on Exhibit A for such purpose. If no such disclosure is attached, Executive represents that there are no Prior Inventions. If, in the course of Executive’s employment, with the Company, he or she incorporates a Prior Invention into a Company product, process, machine of other intellectual property, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, use and sell such Prior Invention. Notwithstanding the foregoing, Executive agrees that he or she will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company’s prior written consent.

6.3. Assignment of Inventions. Subject to Sections 6.4 and 6.6, Executive hereby assigns and agrees to assign in the future (when any such Invention or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all of the Executive’s right, title and interest in and to any and all Inventions (and all Proprietary Right with respect thereto) whether or not patentable or registerable under copyright or similar statues, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others, during Term and any Renewal Term. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 6, are hereinafter referred to as “Company Inventions”. The Company may (in its sole discretion and without obligation to do so), pursuant to established policy of the Company or its affiliates, agree to provide additional consideration for certain Inventions through a written agreement between the Company and Executive which specifically provides for such consideration only after such Inventions contribute to financial benefit of the Company or its affiliates; in all other cases, no consideration shall be paid. The Inventions shall be the sole property of the Company, whether or not copyrightable or patentable or in a commercial stage of development. To the extent allowed by law, this assignment of Inventions includes Moral Rights. “Inventions” collectively means any and all biological, scientific or other ideas, concepts, discoveries, developments, software, content, textual or artistic works, graphic, know-how, structures, designs, methods, products, techniques, processes, systems and technologies in any stage of development that are conceived, created, developed or reduced to practice by Executive or with others; any and all copyrights, moral rights, trademarks and any other intellectual property right therein; and any and all improvements, modifications, derivative works from, other rights in and claims related to any of the foregoing under the laws of any jurisdiction.

6.4. Unassigned Inventions. Executive recognizes that this Agreement will not be deemed to require assignment of any invention that is developed entirely on Executive’s own time without using the Company’s equipment, supplies, facilities, Proprietary Information, or Third Party Information, which is not related to Company’s actual or anticipated business, research and development, and which does not result from work performed by Executive for the Company.

6.5. Obligation to Keep Company Informed. During the Term and any Renewal Term of Executive's employment, Executive will promptly disclose to the Company fully and in writing all Inventions authored, conceived or reduced to practice by Executive, either alone or jointly with others.

6.6. Government or Third Party. Executive also agrees to assign all his or her right, title and interest in and to any particular Company Invention to a third party, including without limitation the United States, as directed by the Company.

6.7. Assist with Registration and Protection. In the event any Invention shall be deemed by the Company to be copyrightable, patentable or otherwise registrable or patentable Executive shall assist the Company (at its expense) in every way deemed necessary or desirable by the Company to protect the Inventions throughout the world, including without limitation, performing acts necessary for obtaining, maintaining and enforcing any applicable registrations and vesting the Company with full title. Should the Company be unable to secure Executive's signature on any document necessary to apply for, obtain, or enforce any trademark, copyright, patent or other right or protection relation to any Innovation, due to Executive's incapacity or any other cause, Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as his or her agent and attorney-in-fact to do all lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights, or other rights or protection with the same force and effect as if executed and delivered by Executive.

6.8. Injunctive Relief. Notwithstanding the provisions of Section 8 of this Agreement concerning the arbitration of disputes, the Executive acknowledges and agrees that a remedy at law for any breach or threatened breach of the provisions of this Section 6 would be inadequate and, therefore, agrees that the Company shall be entitled to injunctive relief from a court in addition to any other available rights and remedies in case of any such breach or threatened breach.

7. LIMITED AGREEMENT NOT TO COMPETE OR SOLICIT

7.1. Non-Competition. During the term of this Agreement, and for a period of one (1) year immediately after the termination of Executive's employment with the Company for any reason, including but not limited to voluntary termination by Executive or involuntary termination by the Executive, Executive shall not, directly or indirectly, paid or unpaid, provide services as an employee, consultant, agent, principal, partner, manager, officer, or director for any person or entity who or which engages in the same or a substantially similar business as the Company in any countries in which the Company conducts business. For purposes of this Agreement, the Company is engaged in the business of researching, developing, producing and commercializing polyclonal antibodies and processes associated with this production including but not limited to antigen development and production as well as plasma production from large animal species.

7.2. Non-Solicitation. During the Term of this Agreement, and for the period of one (1) year immediately after the termination of Executive's employment with the Company for any or no reason, Executive shall not for any reason, either directly or indirectly; (a) solicit any of the Company's existing customers worldwide, wither for benefit of Executive or for any other person; or (b) hire, solicit, induce, recruit or encourage any of the Company's employees or contractors to leave the employ of the Company or cease providing services to the Company on behalf of the Executive or on behalf of any person or entity.

7.3. Limitations; Remedies. The Executive further agrees that the limitations set forth in Section 7 (including, without limitation, any time or territorial limitations) are reasonable and properly required for the adequate protection of the business of the Company. Notwithstanding the provisions of Section 8 concerning the arbitration of disputes, the Executive acknowledges and agrees that a remedy

at law for any breach or threatened breach of the provisions of this Section 7 would be inadequate and, therefore, agrees that the Company shall be entitled to injunctive relief from a court in addition to any other available rights and remedies in cases of any such breach or threatened breach.

8. ARBITRATION

The Company and Executive mutually agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between the parties arising from or related to the Executive's employment with the Company, shall be submitted to mediation before a mutually agreeable mediator and such proceedings shall be held in the State of South Dakota. In the event mediation is unsuccessful in resolving the claim or controversy, such claim or controversy shall be resolved by arbitration and such proceeding shall be held in the State of South Dakota. The claims covered by this Agreement ("Arbitrable Claims") include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract (including this Agreement) or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to race, sex, religion, national origin, age, marital status, medical condition, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one); and claims for violation of any federal, state, or other law, statute, regulation, or ordinance, except claims excluded in the following paragraph. The parties hereby waive any rights they may have to a trial by jury in regard to Arbitrable Claims.

Claims Executive may have for Workers' Compensation or unemployment compensation benefits are not covered by this Agreement. Also not covered is either party's right to obtain provisional remedies or interim relief from a court of competent jurisdiction.

Arbitration under this Agreement shall be the exclusive remedy for all Arbitrable Claims. Company and Executive agree that arbitration shall be held in the State of South Dakota and shall be in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association, before a single arbitrator licensed to practice. The arbitrator shall have authority to award or grant legal, equitable, and declaratory relief. Such arbitration shall be final and binding on the parties. This Agreement to mediate and arbitrate survives termination of Executive's employment.

9. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by writing signed by Executive and by a duly authorized representative of the Company. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All right or remedies specified for a party herein shall be cumulative and in addition to all other right and remedies of the party hereunder or under applicable law.

10. ASSIGNMENT; BINDING EFFECT

10.1.Assignment. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

10.2.Binding Effect. Subject to the foregoing restriction on assignment by Executive, this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliates, officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

11. NOTICES

Any notice under this Agreement must be in writing and addressed to the Company or to Executive at the corresponding address below. Notices under this Agreement shall be effective upon (a) hand delivery, when personally delivered; (b) written verification of receipt, when delivered by overnight courier or certified or registered mail; or (c) acknowledgment of receipt of electronic transmission, when delivered via electronic mail or facsimile. Executive shall be obligated to notify the Company in writing of any change in Executive's address. Notice of change of address shall be effective only when done in accordance with this paragraph.

Company's Notice Address:

SAB Biotherapeutics, Inc.
2100 E. 54th St N
Sioux Falls, SD 57104

Executive's Notice Address:

Frederick J. Finnegan
409 Lincoln Rd
Sudbury, MA 01776

12. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deem enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

13. TAXES

All amounts paid under this Agreement shall be reduced by all applicable state and federal tax withholdings and any other withholdings required by any applicable jurisdiction.

14. GOVERNING LAW

The validity, interpretation, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota, without regard to South Dakota conflict of laws principles.

15. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

16. OBLIGATIONS SURVIVE TERMINATION OF EMPLOYMENT

Executive agrees that any and all of Executive's obligations under this Agreement (other than those in Sections 1.1 and 1.2) shall survive the termination of employment and the termination of this Agreement.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

18. AUTHORITY

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

19. ENTIRE AGREEMENT

This Agreement (including Exhibit A attached hereto, which are incorporated herein by reference) is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior or contemporaneous representations, discussions, proposals, negotiations, conditions, communications and agreements, whether written or oral, between the parties relating to the subject matter hereof and all past courses of dealing or industry custom.

Executive acknowledges Executive has had the opportunity to consult legal counsel concerning this agreement, that Executive has read and understands the agreement, that Executive is fully aware of its legal effect, and that Executive has entered into it freely based on Executive's own judgement and not on any representations or promises other than those contained in this agreement.

In Witness Whereof, the parties have duly executed this Agreement as of the date first written above

SAB Biotherapeutics, Inc.:		**EXECUTIVE:**	
BY:	*/s/ Eddie J. Sullivan*	**BY:**	*/s/ Frederick J. Finnegan*
Name:	**Eddie J. Sullivan**	**Name:**	**Frederick J. Finnegan**
Title:	**President and CEO**		
Date:	June 15, 2021	**Date:**	June 11, 2021

EXHIBIT A

PREVIOUS INVENTIONS

TO: SAB Biotherapeutics, Inc.

FROM: Frederick J. Finnegan

DATE:

SUBJECT: Previous Inventions

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment by SAB Biotherapeutics, Inc. (the "Company") that have been made or conceived or first reduced to practice by me alone or jointly with others prior to my engagement by the Company:

____ No inventions or improvements.

____ See below:

____ Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the proprietary rights and duty of the confidentiality with respect to which I owe to the following party(ies):

Invention or Improvement	Party(ies)	Relationship

____ Additional sheets attached.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eddie J. Sullivan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SAB Biotherapeutics, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

By: /s/ Eddie J. Sullivan

Eddie J. Sullivan

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Russell Beyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SAB Biotherapeutics, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

By: /s/ Russell Beyer

Russell Beyer
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SAB Biotherapeutics, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ Eddie J. Sullivan

Eddie J. Sullivan

Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SAB Biotherapeutics, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

By: /s/ Russell Beyer

Russell Beyer

Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 99.1

SAB Biotherapeutics Provides Company Update for Q1 2022 Financial Results

Full data from Phase 2a trial that evaluated SAB-176 for treatment of seasonal influenza expected third quarter 2022 – first clinical data set from novel platform

Phase 2 data for SAB-185 expected to be available later this year

Sufficient cash anticipated to operate into 2023

SIOUX FALLS, S.D. (May 12, 2022) – SAB Biotherapeutics (Nasdaq: SABS), (SAB), a clinical-stage biopharmaceutical company with a novel immunotherapy platform that produces specifically targeted, high-potency, fully-human polyclonal antibodies without the need for human donors, today reported financial results for the first quarter ended March 31, 2022, and provided a company update.

“Over the past 24 months, we have seen remarkable advancement in our platform and the validation of our technology in a real-world setting. We have also built tremendous capabilities and infrastructure as we have advanced our proof-of-concept in a rapid fashion. We look to further the progress of our discovery and early-stage programs in oncology, type 1 diabetes, and organ transplantation (induction/rejection), while release of our full data readouts from our Phase 2 trials of SAB 185 and SAB 176 are expected in the second half of 2022,” said Eddie J. Sullivan, Ph.D., Co-founder, President and Chief Executive Officer of SAB Biotherapeutics.

Pipeline Updates and Anticipated Milestones

SAB continues to execute on its strategy to build a proprietary immune and autoimmune disorders pipeline, including respiratory diseases that disproportionately affect immunocompromised patients.

- Full data readout for Phase 2a challenge study for SAB-176 planned in the third quarter.
- Phase 2 data for SAB-185 expected to be available from NIH NIAID for ACTIV-2 trial later this year.
- Initial immuno-oncology human polyclonal proof-of-principle data expected third quarter 2022.
- Planned advanced IND-enabling studies for SAB-142, a fully-human antithymocyte globulin therapeutic candidate for Type 1 diabetes and organ transplantation (induction/rejection) to initiate fourth quarter.

The company is evaluating clinical plans for further development of its polyclonal antibody therapeutic candidates, SAB-185 for COVID-19 and SAB-176 for seasonal influenza, in immunocompromised and other patient populations at high risk, including the potential for post exposure prophylactic use, along with the potential development of alternative routes of administration, in advancement of the platform.

Additionally, SAB continues to execute on its Rapid Response Antibody Program under contract with the US Department of Defense (DOD). The program involves multiple targets and other strategic activities to support the warfighter, in addition to facilitating readiness for future emerging threats.

Q1 2022 Financial Results

- **Cash Position.** Cash and cash equivalents were $22.4 million as of March 31, 2022, compared to $33.2 million on December 31, 2021, which was driven primarily by $1.3 million in further capital expansion, increased non-cash working capital of $5.1 million, and SAB’s year-to-date operating loss. SAB’s government contract work is expected to provide additional funding not reflected on the balance sheet.

- **Research and Development (R&D) Expenses.** R&D expenses were $13.3 million for three months ended March 31, 2022, compared to $12.7 million for the three months ended March 31, 2021. The increase was primarily due to increased headcount in the research and development function, contract manufacturing, increased clinical work, and increases in the Company's production capacity and the associated expenses for materials and supplies supporting research and development activities.
- **General and Administrative (G&A) Expenses.** G&A expenses were $5.2 million for the three months ended March 31, 2022, compared to $3.3 million for the three months ended March 31, 2021. The increase was primarily due to business, regulatory, and compliance consulting. Further, SAB recognized increased compliance costs as a result of becoming a public company late in 2021.
- **Net Income.** Net income was $1.0 million for the three months ended March 31, 2022, for an earnings per basic and diluted share of $0.02, as compared to a net income of $1.4 million for the three months ended March 31, 2021, for an earnings per basic and diluted share of $0.05.

Financial Guidance: Based on its current operating plans, SAB expects that its existing cash and cash equivalents along with its U.S. Government funding as of March 31, 2022, will be sufficient to fund its operating expenses and capital expenditure requirements into 2023.

About SAB Biotherapeutics, Inc.

SAB Biotherapeutics, Inc. (SAB) is a clinical-stage, biopharmaceutical company advancing a new class of immunotherapies leveraging fully human polyclonal antibodies with a focus on building a leading immune and autoimmune disorders pipeline. SAB has applied advanced genetic engineering and antibody science to develop transchromosomic (Tc) Bovine™ that produce fully human antibodies targeted at specific diseases, including infectious diseases such as COVID-19 and influenza, immune and autoimmune disorders including type 1 diabetes and organ transplantation, and cancer. SAB's versatile DiversitAb™ platform is applicable to a wide range of serious unmet needs in human diseases. It produces natural, specifically targeted, high-potency, human polyclonal immunotherapies. SAB currently has multiple drug development programs underway and collaborations with the US government and global pharmaceutical companies. For more information on SAB, visit: https://www.sabbiotherapeutics.com/ and follow @SABBantibody on Twitter.

CONTACTS

Investor Relations:
SABIR@westwicke.com

Media Relations:
SABPR@westwicke.com

Forward-Looking Statements

Certain statements made herein that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "predict," "potential," "seem," "seek," "future," "outlook" and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding future events, including the development and efficacy of SAB-185, our influenza program and other discovery programs, our cash runaway into 2023 and potential future government and third-party collaborations or funded programs.

These statements are based on the current expectations of SAB and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on, by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict, will differ from assumption and are beyond the control of SAB. A further description of risks and uncertainties can be found in the sections captioned “Risk Factors” on Forms 10-K and 10-Q, all of which will be filed with the U.S. Securities and Exchange Commission and available at https://www.sec.gov/