

**MICROBIX****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****Unaudited**

As at June 30, 2024 and September 30, 2023

**Canadian Funds**

	As at June 30, 2024	As at September 30, 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 12,808,781	\$ 11,606,487
Accounts receivable	4,012,793	4,119,771
Inventory (Note 4)	6,249,479	5,752,031
Prepaid expenses and other assets	770,213	767,451
Investment tax credit receivable	76,285	56,266
<b>TOTAL CURRENT ASSETS</b>	<b>23,917,551</b>	<b>22,302,006</b>
<b>LONG-TERM ASSETS</b>		
Property, plant and equipment (Note 5)	9,473,791	8,927,600
Intangible assets (Note 6)	4,341,249	4,423,418
<b>TOTAL LONG-TERM ASSETS</b>	<b>13,815,040</b>	<b>13,351,018</b>
<b>TOTAL ASSETS</b>	<b>\$ 37,732,590</b>	<b>\$ 35,653,024</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,862,691	\$ 2,080,284
Current portion of long-term debt (Note 5)	111,120	111,120
Current portion of lease liability (Note 5)	150,439	154,301
Deferred revenue (Note 19)	1,490,838	2,004,237
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,615,088</b>	<b>4,349,942</b>
<b>LONG-TERM LIABILITIES</b>		
Debentures (Note 7)	1,945,973	1,789,394
Lease liability (Note 5)	588,397	699,733
Other long-term liabilities	-	298,691
Long-term debt (Note 8)	3,560,720	3,890,777
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,095,089</b>	<b>6,678,595</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 9,710,177</b>	<b>\$ 11,028,537</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	\$ 49,065,530	\$ 49,044,488
Equity component of convertible debentures (Note 7)	2,272,566	2,272,566
Contributed surplus	10,515,877	10,218,847
Accumulated deficit	(33,831,561)	(36,911,414)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 28,022,413</b>	<b>\$ 24,624,487</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 37,732,590</b>	<b>\$ 35,653,024</b>
Commitments and Contingencies (Note 21)		

(Signed) "Martin Marino"

MARTIN MARINO  
DIRECTOR

(Signed) "Cameron L. Groome"

CAMERON L. GROOME  
DIRECTOR

The accompanying notes and summary of significant accounting policies are an integral part of these interim condensed consolidated financial statements.

**MICROBIX**

<b>INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>				<b>Unaudited</b>
<b>For the three months and nine months ended June 30</b>				<b>Canadian Funds</b>
	2024	2023	2024	2023
<b>SALES</b>				
Product Sales	\$ 4,946,122	\$ 4,065,426	\$ 14,659,092	\$10,509,148
Licensing Fees and Royalties	113,343	1,464,726	4,441,158	1,741,399
<b>TOTAL SALES</b> (Note 18, 19)	5,059,465	5,530,152	19,100,251	12,250,547
<b>COST OF GOODS SOLD</b>				
Product Sales	2,297,371	3,171,667	7,116,325	6,131,701
Licensing Fees and Royalties	14,040	15,600	42,572	62,706
<b>TOTAL COST OF GOODS SOLD</b> (Note 4)	2,311,411	3,187,267	7,158,896	6,194,407
<b>GROSS MARGIN</b>	2,748,054	2,342,885	11,941,355	6,056,140
<b>EXPENSES</b>				
Selling and business development	364,852	374,357	1,101,603	1,112,844
General and administrative	1,655,068	2,104,025	6,102,598	5,207,161
Research and development	562,820	531,121	1,542,920	1,482,004
Financial expenses (Note 15)	(81,432)	102,490	114,379	290,887
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	\$ 246,746	\$ (769,108)	\$ 3,079,855	\$ (2,036,756)
<b>NET INCOME (LOSS) PER SHARE</b>				
Basic (Note 13)	\$ 0.002	\$ (0.006)	\$ 0.023	\$ (0.015)
Diluted (Note 13)	\$ 0.002	\$ (0.006)	\$ 0.022	\$ (0.015)

The accompanying notes and summary of significant accounting policies are an integral part of these interim condensed consolidated financial statements.

**MICROBIX****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****Unaudited****For the three months and nine months ended June 30****Canadian Funds**

	2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>				
Net Income (Loss) for the Period	\$ 246,746	\$ (769,108)	\$ 3,079,855	\$ (2,036,754)
<b>Items not affecting cash</b>				
Amortization and depreciation (Note 18)	426,655	304,219	1,213,240	847,943
Accretion of debentures (Note 7)	56,125	41,667	156,579	116,244
Stock options expense (Note 12)	181,892	202,445	571,045	562,959
Accretion interest expense (Note 15)	54,642	53,585	170,908	133,376
Gain on Debt Modification (Note 15)	(166,630)	-	(166,630)	-
Change in non-cash working capital balances (Note 14)	604,064	2,298,550	(1,443,307)	737,868
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,403,494</b>	<b>2,131,358</b>	<b>3,581,689</b>	<b>361,635</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (Note 5)	(732,053)	(215,114)	(1,406,658)	(898,379)
Purchase of intangible assets	(270,604)	-	(270,604)	-
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,002,657)</b>	<b>(215,114)</b>	<b>(1,677,262)</b>	<b>(898,379)</b>
<b>FINANCING ACTIVITIES</b>				
Repayments of long-term debt (Note 8)	(256,965)	(27,780)	(312,525)	(83,340)
Proceeds from Government Loan and Grant (Note 9)	-	-	-	1,507,393
Payment of lease liabilities	(45,546)	(45,613)	(136,636)	(144,652)
Repurchase of common shares	(162,632)	(166,050)	(610,273)	(926,836)
Proceeds from exercise of warrants and options (Notes 11, 12)	-	10,750	357,300	105,260
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(465,143)</b>	<b>(228,693)</b>	<b>(702,133)</b>	<b>457,825</b>
<b>NET CHANGE IN CASH - DURING THE PERIOD</b>	<b>(64,306)</b>	<b>1,687,551</b>	<b>1,202,294</b>	<b>(78,919)</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>12,873,087</b>	<b>11,721,605</b>	<b>11,606,487</b>	<b>13,488,075</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 12,808,781</b>	<b>\$ 13,409,156</b>	<b>\$ 12,808,781</b>	<b>\$ 13,409,156</b>

The accompanying notes and summary of significant accounting policies are an integral part of these interim condensed consolidated financial statements.

# MICROBIX

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited

For the period ended June 30, 2024 and 2023

Canadian Funds

	SHARE CAPITAL (Note 9)		CONTRIBUTED SURPLUS	DEFICIT	EQUITY COMPONENT OF DEBENTURES	TOTAL SHAREHOLDERS' EQUITY
	NUMBER OF SHARES	STATED CAPITAL				
BALANCE, SEPTEMBER 30, 2022	138,991,373	\$49,918,915	\$9,619,104	\$(36,871,931)	\$2,272,566	\$24,938,654
Stock option expense	-	-	562,959	-	-	562,959
Share Issuance pursuant to						
Exercise of Warrants	21,000	7,561	-	-	-	7,561
Exercise of Options	430,000	97,700	-	-	-	97,700
Repurchase of Shares	(2,138,500)	(926,836)	-	-	-	(926,836)
Net income and comprehensive income for the period	-	-	-	(2,036,756)	-	(2,036,756)
<b>BALANCE, JUNE 30, 2023</b>	<b>137,303,873</b>	<b>\$49,097,340</b>	<b>\$10,182,063</b>	<b>\$(38,908,687)</b>	<b>\$2,272,566</b>	<b>\$22,643,282</b>
Share-based compensation expense	-	-	172,359	-	-	172,359
Share Issuance pursuant to						
Exercise of Warrants	-	2,142	(2,142)	-	-	-
Exercise of Options	-	54,370	(54,370)	-	-	-
Repurchase of Shares	(450,500)	(109,364)	(79,063)	-	-	(188,427)
Net loss and comprehensive loss for the period	-	-	-	1,997,272	-	1,997,272
<b>BALANCE, SEPTEMBER 30, 2023</b>	<b>136,853,373</b>	<b>\$49,044,488</b>	<b>\$10,218,847</b>	<b>\$(36,911,415)</b>	<b>\$2,272,566</b>	<b>\$24,624,486</b>
Stock option expense	-	-	571,045	-	-	571,045
Share Issuance pursuant to						
Exercise of Warrants	-	-	-	-	-	-
Exercise of Options	1,540,000	614,900	-	-	-	614,900
Repurchase of Shares	(1,688,658)	(593,858)	(274,015)	-	-	(867,873)
Net income and comprehensive income for the period	-	-	-	3,079,855	-	3,079,855
<b>BALANCE, JUNE 30, 2024</b>	<b>136,704,715</b>	<b>\$49,065,530</b>	<b>\$10,515,877</b>	<b>\$(33,831,560)</b>	<b>\$2,272,566</b>	<b>\$28,022,413</b>

The accompanying notes and summary of significant accounting policies are an integral part of these interim condensed consolidated financial statements.

**1. NATURE OF THE BUSINESS**

Microbix Biosystems Inc. and its subsidiaries (the “Company” or “Microbix”), incorporated under the laws of the Province of Ontario, develops and commercializes proprietary biological and technology solutions for human health and well-being. Microbix manufactures a wide range of critical biological materials and medical devices for the global diagnostics industry, notably test ingredients (Antigen business) used in immunoassays, quality assessment and proficiency testing controls (QAPs™ business), testing-related reagents such as viral transport medium for enabling the collection of patient samples to test for pathogens (branded as Dx™), and, through partnership funding, is redeveloping a biological drug (Knlytic® urokinase).

The registered office and principal place of business of the Company is located at 265 Watline Avenue, Mississauga, Ontario, L4Z 1P3.

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and are presented in Canadian dollars. The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company’s audited annual consolidated financial statements for the year ended September 30, 2023, except as set out in note 3. These interim consolidated financial statements do not include all of the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Company’s annual consolidated financial statements for the year ended September 30, 2023.

The Board of Directors approved these interim condensed consolidated financial statements on August 12, 2024.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Use of estimates and judgments**

The preparation of interim condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from estimates and such differences could be material.

**Changes in Accounting Policies*****Amendments to IFRS 9, Financial Instruments (“IFRS 9”)***

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company has concluded that there is no impact of adopting these amendments on its consolidated financial statements.

***Amendments to IAS 37: Onerous Contracts (“IAS 37”)***

In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract, and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The new guidance is effective for annual periods beginning on or after January 1, 2022 and is applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company has concluded that there is no impact of adopting these amendments on its consolidated financial statements.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Impact of new accounting standards and amendments issued but not yet adopted*****Amendments to IAS 1***

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

***Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)***

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

***Amendments to IAS 1 and IFRS Practice Statement 2***

In February 2021, the IASB issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment to IAS 1 requires companies to disclose their material accounting policy information rather than significant accounting policies. The amendment also clarifies that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2024 and are to be applied prospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

***Amendments to IAS 12 – Income Taxes (“IAS 12”)***

Amendments to IAS 12 were issued in May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Impact of new accounting standards and amendments issued but not yet adopted (Continued)

###### *Amendments to IAS 1, "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current*

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

#### 4. INVENTORIES

Inventories consist of the following:

	June 30, 2024	September 30, 2023
Raw materials	\$ 1,816,875	\$ 1,714,606
Work in process	1,595,790	1,873,132
Finished goods	2,836,814	2,164,293
	\$ 6,249,479	\$ 5,752,031

During the quarter ended June 30, 2024, inventories in the amount of \$2,297,371 (2023 - \$3,171,667) were recognized as an expense through cost of goods sold. The allowance for inventory as at June 30, 2024 was \$890,636, which is recognized in cost of goods sold (September 30, 2023 - \$1,200,596).

## MICROBIX

### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 5. PROPERTY, PLANT, AND EQUIPMENT AND LEASES

The freehold land and buildings have been pledged as security for bank loans under a mortgage (see Note 7). Property, plant and equipment and right of use assets consists of:

	Building and Leasehold Improvements	Research and Development Equipment	Other Equipment and Fixtures	Right of Use Assets	Land	Total
COST						
Balance, as at September 30, 2023	\$ 6,265,678	\$ 723,546	\$ 7,898,200	\$ 1,705,810	\$ 800,000	\$ 17,393,234
Additions/Adjustments	(53,037)	-	1,459,695	-	-	1,406,658
<b>Balance, as at June 30, 2024</b>	<b>6,212,641</b>	<b>723,546</b>	<b>9,357,895</b>	<b>1,705,810</b>	<b>800,000</b>	<b>18,799,892</b>
ACCUMULATED DEPRECIATION						
Balance, as at September 30, 2023	2,620,774	493,088	4,655,948	695,824	-	8,465,634
Depreciation	306,143	17,989	404,312	132,023	-	860,467
<b>Balance, as at June 30, 2024</b>	<b>2,926,918</b>	<b>511,077</b>	<b>5,060,260</b>	<b>827,847</b>	<b>-</b>	<b>9,326,101</b>
NET BOOK VALUE						
Balance, September 30, 2023	3,644,904	230,458	3,242,252	1,009,986	800,000	8,927,600
<b>Balance, as at June 30, 2024</b>	<b>\$ 3,285,723</b>	<b>\$ 212,469</b>	<b>\$ 4,297,635</b>	<b>\$ 877,963</b>	<b>\$ 800,000</b>	<b>\$ 9,473,791</b>

During the quarter, the Company recognized OTF grants for Equipment (\$240,000) and Leasehold Improvements \$89,987). See note 9 for further details.

Activity within right-of-use assets and lease liabilities during the quarter were as follows:

	Right-of-Use Assets		Lease Liabilities
	Property	Equipment	
Balance, September 30, 2023	\$ 798,567	\$ 211,419	\$ 854,034
Additions	-	-	-
Depreciation Expense	(115,374)	(16,649)	-
Interest Accretion	-	-	21,440
Payments	-	-	(136,638)
<b>Balance, June 30, 2024</b>	<b>\$ 683,193</b>	<b>\$ 194,770</b>	<b>\$ 738,836</b>
Current portion			\$ 150,439
Non-current portion			588,397

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## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

### 5. PROPERTY, PLANT, AND EQUIPMENT AND LEASES (Continued)

Lease liabilities for leases entered during the quarter ended June 30, 2024 would have been discounted using an incremental borrowing rate of 9.5% (June 30, 2023 – 7.0%).

Lease obligations as at June 30, 2024 are:

	Amount
2024	\$ 45,665
2025	153,410
2026	98,451
2027	95,606
2028	94,388
2029 and thereafter	350,693
<b>Total</b>	<b>\$ 838,214</b>

### 6. INTANGIBLE ASSETS

Intangible assets consist of:

	Capitalized Development Costs Bioreactor (a)	Patents and Trademarks QAPs (b)	Kinlytic® License (c)	Rights and Knowhow	Total
<b>COST</b>					
Balance, as at September 30, 2023	2,088,575	142,470	3,078,585	-	5,309,630
Additions	-	-	-	270,604	270,605
<b>Balance, as at June 30, 2024</b>	<b>2,088,575</b>	<b>142,470</b>	<b>3,078,585</b>	<b>270,604</b>	<b>5,580,235</b>
<b>ACCUMULATED AMORTIZATION</b>					
Balance, as at September 30, 2023	847,033	39,179	-	-	886,212
Amortization expense	104,429	10,686	230,894	6,765	346,008
<b>Balance, as at June 30, 2024</b>	<b>951,462</b>	<b>49,865</b>	<b>230,894</b>	<b>6,765</b>	<b>1,238,986</b>
<b>NET BOOK VALUE</b>					
Balance, as at September 30, 2023	1,241,542	103,291	3,078,585	-	4,423,418
<b>Balance, as at June 30, 2024</b>	<b>\$ 1,137,113</b>	<b>\$ 92,606</b>	<b>\$ 2,847,692</b>	<b>-</b>	<b>\$ 4,341,249</b>

**6. INTANGIBLE ASSETS (Continued)**

The Bioreactor intangible asset is amortized on a straight-line basis at a rate of 7%. At each reporting date, the Company is required to assess its long-lived assets for potential indicators of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset or CGU and compares it to the carrying value.

**(a) Bioreactor**

The Company has internally developed an improved bioreactor production process (“Bioreactor”) to increase the efficiency and output of manufacturing certain Antigen products. This process is being successfully employed for ongoing production of a key Antigen product.

**(b) Patents and Trademarks - Quality Assessment Products (“QAPs”)**

To enhance its QAPs business of providing sample mimics for use in quality checks across various laboratory test applications, Microbix has been developing intellectual property. Accordingly, it has capitalized and continues to capitalize various patent application costs. The Company is amortizing these patent costs, in accordance with IFRS standards.

**(c) Kinlytic®**

The Company acquired the assets and rights pertaining to development, production, and licensing of Kinlytic® from ImaRX Therapeutics, Inc. in 2008. In Q4 2020, this intangible asset, which was not yet available for use and included in the Kinlytic cash generating unit (“CGU”) was determined to be impaired and accordingly the Company had recognized an impairment charge of \$3,078,585 during the year ended September 30, 2020.

On May 16, 2023 announced the execution of an agreement (“Agreement”) to return Kinlytic® urokinase (“Kinlytic”) to market. Its Agreement is with Sequel Pharma, LLC (“Sequel”), a specialty pharma company with expertise in developing and commercializing drugs for the U.S. The Agreement provides for Sequel to fund and undertake the necessary work to return Kinlytic® to the U.S. for the clinical indication of venous catheter clearance.

During the year ended September 30, 2023, the Company determined that there were indicators that the impairment charge recognized in prior periods may no longer exist and the Company estimated the recoverable amount of the CGU based on its estimated future discounted cash flows resulting in a reversal of impairment recognized earlier in the amount of \$3,078,585. The recoverable amount of the Kinlytic® intangible asset has been estimated based on the future estimated discounted cash flows. The significant assumptions applied in the impairment reversal tests are described below:

- The expected future cash flows calculated based on revenue projections, which included estimated market share, growth rates and contractual royalty rates.
- The pre-tax discount rate of 12% used to reflect the current market assessment of the risks specific to the CGU.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not be less than the carrying amount. The asset will be amortized over an estimated period of 10 years.

**(d) Rights and Knowhow**

On March 4, 2024 the Company acquired QAPs related rights and knowhow from a supplier. These rights and knowhow include the following: (i) viable cell-lines that can be propagated by Microbix, (ii) disclosure of supplier methods under which such propagation can be performed, and (iii) any licenses to the Intellectual Property of the supplier that are reasonably required by Microbix. The purchase price was \$200,000 US (\$270,604 Cdn.) The asset will be amortized over an estimated period of 10 years.

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## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

### 7. DEBENTURES

The Company has convertible debentures issued and outstanding as at June 30, 2024. The carrying values of the debt component of these debentures are as follows:

	Convertible debentures		Total convertible debentures
	(a)	(b)	
Date of issue	Oct, 2016	Oct, 2016	
Face value	\$ 1,500,000	\$ 2,500,000	\$ 4,000,000
Liability component at the date of issue	461,550	780,750	-
Balance, September 30, 2023	652,631	1,136,763	1,789,394
Accretion	54,894	101,685	156,579
Repayments	-	-	-
<b>Balance, June 30, 2024</b>	<b>707,525</b>	<b>1,238,448</b>	<b>1,945,973</b>
Less: current portion	-	-	-
Non-current portion	707,525	1,238,448	1,945,973
<b>Balance, June 30, 2024</b>	<b>\$ 707,525</b>	<b>1,238,448</b>	<b>1,945,973</b>
<b>Equity component at June 30, 2024</b>	<b>574,435</b>	<b>1,698,131</b>	<b>2,272,566</b>
Conversion price per common share	\$ 0.23	\$ 0.23	
Effective interest rate charged	31.07%	30.85%	
Payment frequency	Quarterly	Quarterly	
Maturity of financial instrument	Jan, 2029	Sep, 2028	
Stated interest rate	9%	9%	
Terms of repayment	Interest only	Interest only	
Blended quarterly repayment	N/A	N/A	

The debentures denoted as (a) and (b) above are secured against the real property and the personal property of the Company including, without limiting the foregoing, a registered second mortgage on the property at 265 Watline Avenue, Mississauga, Ontario, in favour of the holder, its successors and assigns subordinate only to indebtedness to a Canadian chartered bank or similar financial institution on normal commercial terms up to their maximum principal.

The convertible debentures are convertible at the option of the holder, at any time, into fully paid and non-assessable common shares of the Company at the conversion price then in effect.

All of the debentures were issued to shareholders of the Company. Over the term of the convertible debentures, the debt components are being accreted to the face value of the debentures by the recording of additional interest expense using the effective interest rate, as detailed above.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 8. LONG-TERM DEBT, BANK INDEBTEDNESS AND OTHER DEBT

a) The Company has used term loans with the Business Development Bank (“BDC”) for a variety of purposes. The following summarizes these loans as at June 30, 2024:

Term Loans with the Business Development Bank (“BDC”)	(a)
Effective date of loan	Jun, 2008
Initial Loan Amount	\$ 3,000,000
Balance, September 30, 2022	1,713,100
Proceeds from loan	-
Loan repayments during the period	(111,120)
Balance, September 30, 2023	\$ 1,601,980
Proceeds from loan	-
Loan repayments during the period	(312,525)
<b>Balance, June 30, 2024</b>	<b>\$ 1,289,455</b>
Current Portion	\$ 111,120
Non-current portion	1,178,335
Payment frequency	Monthly
Maturity of loan	Feb, 2038
Terms of repayment	Principal and interest

Notes: (a) Loan for the purchase of manufacturing facility and building improvements.

The remaining BDC loan has a floating interest rate based on BDC’s floating base rate less 1.0%. At June 30, 2024, the rate was 8.05% (2023 – 8.05%). The loan is secured with the building and equipment. On May 21, 2024 the Company prepaid \$229,185, 15% of the outstanding balance.

As at June 30, 2024, the commitments for the next five fiscal years and thereafter for the BDC loan is as follows:

	Amount
2024	\$ 27,780
2025	111,120
2026	111,120
2027	111,120
2028	111,120
2029 and thereafter	\$ 817,195

b) The Company has a \$2,000,000 line of credit with its Chartered Bank that is available for use. This line of credit bears interest at prime plus 2% (8.95% on June 30, 2024). As at June 30, 2024 the Company had no funds drawn on the facility (June 30, 2023- nil). The Company’s availability and usage of this facility varies across its manufacturing, sales and Accounts Receivable collection cycles.

**8. LONG-TERM DEBT, BANK INDEBTEDNESS AND OTHER DEBT (Continued)**

On July 29, 2019, the Company signed an agreement with the Federal Economic Development Agency for Southern Ontario (“FedDev”) to provide a repayable government contribution FedDev has agreed to contribute funding for 30% of the Business Scale-up and Productivity Project expenditures made by the Company, up to \$2,752,500 over the following four years. The Company is required to submit eligible expenses on a quarterly basis to receive the interest-free contributions. On February 14, 2023 the Company agreed to an amendment to the original agreement providing an additional \$840,000 of repayable contributions, increasing the total funding up to \$3,592,500. Repayment of all contributions does not begin until April 15, 2025. On March 8, 2024 the agreement was further amended to extend the project completion date to September 30, 2024 and the repayment of all contributions will begin on October 15, 2025. Subsequently on May 27, 2024 the Company signed an amendment to the agreement extending the project completion date to December 31, 2024 and the repayment of all contributions will now begin on January 15, 2026. As a result of this extension to the timing of repayment, a gain on debt modification of \$166,630 was recognized in Q3 2024 (see note 15).

As at June 30, 2024, the Company has received contributions totalling \$3,233,250 (June 30, 2023 – \$3,161,996). The Company determined that the “Loan” consists of two components: an obligation to repay; and a government grant in the form of exemption from interest. The Company fair valued the obligation to repay at \$2,117,358 (September 30, 2023 – \$2,117,358), based on a discount rate of 8%, which represents management’s best estimate of fair value. The residual amount of \$1,115,892 (September 30, 2023 – \$1,115,892) is allocated to the associated government grant and recognized as income over the period in which the related costs they are intended to compensate are recognized. During the quarter ended June 30, 2024, \$23,852 has been recognized as grant income within general and administrative expenses (June 30, 2023 - \$23,319).

As at June 30, 2024, the carrying value of the Loan is \$2,382,385 (September 30, 2023 – \$2,399,917) and \$339,628 is recognized as a deferred grant within deferred revenue on the consolidated statement of financial position (September 30, 2023 – \$411,083).

The Company is in compliance with the covenants associated with this loan as at June 30, 2024.

The estimated repayments on the existing term facilities in future fiscal years are as follows:

Fiscal Years	Amount
2026	\$ 484,987
2027	646,650
2028	646,650
2029	646,650
2030	646,650
2031	161,663

**9. GOVERNMENT GRANT**

On October 13, 2020, the Company announced a grant agreement with the Ontario Together Fund (“OTF”) of the Ministry of Economic Development, Job Creation and Trade (the “Grant”). The Grant of \$1,445,000 was to cover 50% of the cost to automate production of the Company’s quality assessment products (QAPs™) that help ensure the accuracy of infectious disease diagnostic testing, and enable local, secure, and cost-effective automated production of the quantities of viral transport medium (generically “VTM” and branded “DxTM™”) needed for Ontario’s lab-based testing for COVID-19 disease or other tests of concern to public health or safety. An initial Grant disbursement, upon execution of the agreement, in the amount of \$867,000, was received on October 13, 2020. The remaining \$578,000 of the grant was paid upon project completion following a review of Eligible Project Expenditures incurred during the project, up to February 28, 2022. During the quarter ended December 31, 2022 the Company recognized \$717,587 of grant income. The company also recorded a \$680,202 reduction in capital asset costs.

**9. GOVERNMENT GRANT (Continue)**

On March 20, 2023, the Company announced an additional grant agreement with the Ontario Together Fund (“OTF”) of the Ministry of Economic Development, Job Creation and Trade (the “Grant”). The Grant of \$840,000 is to cover 30% of the cost to further expand our capabilities and capacity for manufacturing specialized products relating to diagnostic testing for infectious diseases. The Government of Ontario is supporting the expansions at Microbix’s three adjacent sites in Mississauga. An initial Grant disbursement, upon execution of the agreement, in the amount of \$504,000, was received on March 13, 2023. During fiscal 2023 \$38,117 of grant income was recognized. During fiscal 2024, \$332,641 has been recognized as grant income through the income statement and \$329,987 has been recognized as a reduction in capital equipment costs. The Company has a receivable balance of \$185,520 for grants earned but not yet received. The remaining \$336,000 of the grant will be paid upon project completion following a review of Eligible Project Expenditures incurred during the project.

**10. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares with no par value and an unlimited number of preference shares with no par value.

On October 3, 2022 the Company initiated a Normal Course Issuer Bid (“NCIB”) program for the repurchase and cancellation of outstanding common shares. In accordance with the rules of the Toronto Stock Exchange and as detailed in the Company’s news release of September 28, 2022, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During fiscal 2023 the Company repurchased 2,892,000 shares at a cost of \$1,114,156 and cancelled 2,589,000 shares. In addition, 303,000 shares were cancelled during Q1 2024.

On December 8, 2023 the Company initiated new a Normal Course Issuer Bid (“NCIB”) program for the repurchase and cancellation of outstanding common shares. In accordance with the rules of the Toronto Stock Exchange and as detailed in the Company’s news release of December 6, 2023, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During this fiscal year 1,655,946 shares were repurchased as at June 30, 2024. At the end of the quarter 270,288 share were in treasury, awaiting cancellation.

The number of issued and outstanding common shares and the stated capital of the Company are presented below:

	Number of Shares	Stated Capital
Balance, as at September 30, 2023	136,853,373	\$ 49,044,488
Exercise of stock options	1,540,000	614,900
Stock repurchase and cancellation	(1,688,658)	(593,858)
<b>Balance, as at June 30, 2024</b>	<b>136,704,715</b>	<b>\$ 49,065,530</b>

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 11. COMMON SHARE PURCHASE WARRANTS

A continuity of the Company's warrants outstanding as at June 30, 2024 is presented in the following table:

	Units	Weighted average exercise price
Balance, September 30, 2023	14,631,564	\$ 0.53
Expired	(5,750,000)	\$ 0.80
<b>Balance, June 30, 2024</b>	<b>8,881,564</b>	<b>\$ 0.36</b>

A summary of the Company's warrants outstanding as at June 30, 2024 and September 30, 2023 is presented in the following table:

	June 30, 2024			September 30, 2023		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years
Range of exercise prices:						
\$0.60 to \$0.80	-	\$ -	-	5,750,000	\$ 0.80	0.64
\$0.30 to \$0.36	8,881,564	0.36	0.59	8,881,564	0.36	1.34
	8,881,564	\$ 0.36	0.59	14,631,564	\$ 0.53	1.06

#### 12. STOCK OPTION PLAN

Under the Company's stock option plan, the Company may grant options to purchase common shares up to a maximum of 10% of the Company's issued and outstanding common shares. Under the plan as at June 30, 2024, the Company has a total of 13,114,000 options (June 30, 2023 – 11,959,000) issued and is eligible to issue up to a total of 13,670,472 options.

The exercise price of each option equals no less than the market price at the date immediately preceding the date of the grant. In general, the Company's stock option plan vests options in equal amounts across a period following their issue date. The options granted during this quarter and future options grants will generally be vested in a single step on the third anniversary date following their issue. Management does not expect any remaining unvested stock options at the year-end to be forfeited before they vest.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 12. STOCK OPTION PLAN (Continued)

The activity under the Company's stock option plan for quarter ended June 30, 2024 is as follows:

	Units	Weighted average exercise price
Balance, September 30, 2023	11,959,000	\$ 0.43
Stock options exercised	(1,540,000)	\$ 0.23
Stock options issued	2,795,000	\$ 0.40
Stock options forfeited	(100,000)	\$ 0.23
<b>Balance, June 30, 2024</b>	<b>13,114,000</b>	<b>\$ 0.45</b>
<b>Exercisable, June 30, 2024</b>	<b>4,724,000</b>	<b>\$ 0.43</b>

The exercise price of each option equals the closing market price of the Company's capital stock on the day preceding the grant date. The following table reflects the number of options, their weighted average price and the weighted average remaining contract life for the options grouped by price range as of June 30, 2024 and September 30, 2023:

	June 30, 2024			September 30, 2023		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years
Range of exercise prices:						
\$0.46 to \$0.73	5,294,000	\$ 0.60	2.18	5,294,000	\$ 0.60	2.93
\$0.215 to \$0.40	7,820,000	\$ 0.34	3.17	6,665,000	\$ 0.29	2.45
	13,114,000	\$ 0.45	2.77	11,959,000	\$ 0.43	2.77

Stock options are assumed to be exercised at the end of the option's life, as management believes the probability of an early exercise is remote. During the quarter, the fair value of the options vested in the quarter were expensed and credited to contributed surplus. During the quarter, the Company recorded share-based compensation expense of \$181,892 (2023 - \$202,445).

**MICROBIX****NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds**  
**As at and for the quarters ended June 30, 2024 and 2023****13. INCOME (LOSS) PER SHARE**

Basic income(loss) per share is calculated using the weighted average number of shares outstanding. Diluted income(loss) per share reflects the dilutive effect of the exercise of stock options, warrants and convertible debt. The following table reconciles the net income(loss) and the number of shares for the basic and diluted income(loss) per share computations:

	Three months ended June 30		Nine months ended June 30	
	2024	2023	2024	2023
Net income (loss) for the period for basic earnings per share	\$ 246,746	\$ (769,108)	\$ 3,079,855	\$ (2,036,756)
Net income (loss) for the period for diluted earnings per share	246,746	(769,108)	3,079,855	(2,036,756)
Weighted average common shares outstanding	136,839,806	137,546,693	136,826,418	138,210,977
Dilutive Effect	788,006	-	808,555	-
Dilutive weighted average common shares outstanding	137,627,812	137,546,693	137,634,973	138,210,977
Net income (loss) per share:				
Basic	\$ 0.002	\$ (0.006)	\$ 0.023	\$ (0.015)
Diluted	\$ 0.002	\$ (0.006)	\$ 0.022	\$ (0.015)

The following represents the warrants, stock options and convertible debentures not included in the calculation of diluted EPS due to their anti-dilutive impact:

	For the three months ended		For the nine months ended	
	2024	2023	2024	2023
Pursuant to warrants	8,881,564	14,631,564	8,881,564	14,631,564
Under stock options	12,325,994	11,959,000	12,305,445	11,959,000
Pursuant to convertible debentures	17,391,304	17,391,304	17,391,304	17,391,304
	38,598,863	43,981,869	38,578,314	43,981,869

**14. CHANGES IN NON-CASH WORKING CAPITAL**

	Three months ended	Three months ended	Nine months ended	Nine months ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Accounts receivable	\$ 394,837	\$ (289,378)	\$ 106,978	\$ (69,957)
Inventory	(92,032)	(766,781)	(497,448)	(1,569,023)
Prepaid expenses and other assets	398,514	109,117	(22,781)	(28,440)
Deferred Revenue	(392,448)	(524,672)	(812,462)	401,740
Accounts payable and accrued liabilities	295,193	(183,151)	(217,594)	(295,002)
	\$ 604,064	\$ (1,654,865)	\$ (1,443,307)	\$ (1,560,683)

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 15. FINANCIAL EXPENSES, NET

For the period ended	Three months ended June 30, 2024	Three months ended June 30, 2023	Nine months ended June 30, 2024	Nine months ended June 30, 2023
Cash interest:				
Interest on long-term debt	\$ 30,256	\$ 32,574	\$ 95,522	\$ 93,922
Interest on debentures	89,750	90,000	269,750	270,000
Interest other	-	252	30	866
Interest income	(145,575)	(115,588)	(411,781)	(323,520)
Non-cash interest:				
Accretion on debentures	56,125	41,666	156,580	116,243
Accretion interest expense	54,642	53,585	170,908	133,376
Gain on Debt Modification	(166,630)	-	(166,630)	-
<b>Financial expenses</b>	<b>\$ (81,432)</b>	<b>\$ 102,490</b>	<b>\$ 114,379</b>	<b>\$ 290,887</b>

On May 27, 2024 the Company signed an amendment to the FedDev agreement (see note 8) extending the project completion date to December 31, 2024 and the repayment of all contributions will now begin on January 15, 2026. As a result of this extension to the timing of repayment, a gain on debt modification of \$166,630 was recognized in Q3.

#### 16. CAPITAL MANAGEMENT

The Company's capital management objective is to safeguard its ability to function as a going concern while also maintaining and growing its operations and funding its development activities. Microbix defines its capital to include any drawn portion of the revolving line of credit, shareholders' equity, long-term debt, and debentures. The capital at June 30, 2024 was \$33,640,225 (June 30, 2023 - \$28,316,291).

To date, the Company has used cash provided by operating activities, common equity issues, debentures, bank mortgage and other financing to fund its activities. The equity is provided through public offerings or private placements, the debentures are all controlled by private individuals known to the Company and the mortgage and other financing are with the Business Development Bank (BDC), FedDev and TD Bank. If possible, the Company tries to optimize its liquidity needs by non-dilutive sources, including cash provided by operating activities, investment tax credits, grants and interest income. The Company has a revolving line of credit of \$2,000,000 with its Canadian chartered bank, Note 8.

The Company's general policy is to not pay dividends and retain cash to keep funds available to finance the Company's growth. Similarly, the Board of Directors may, from time to time, choose to declare a dividend in assets if warranted by circumstances. Also, the Board of Directors may, from time to time, choose to initiate a buy-back of issued common shares. There was no change during the quarter in how the Company defines its capital or how it manages its capital.

#### 17. FINANCIAL INSTRUMENTS

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observation of the inputs used in the measurement.

For the quarters ended June 30, 2024 and September 30, 2023, the Company has carried at fair value financial instruments in Level 1. At June 30, 2024, the Company's only financial instrument measured at fair value is cash, which is considered to be a Level 1 instrument. There were no transfers between levels during the quarter.

The three levels are defined as follows:

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets
- Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

**MICROBIX****NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds  
As at and for the quarters ended June 30, 2024 and 2023****17. FINANCIAL INSTRUMENTS (Continued)**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Cash and Cash Equivalents	30-Jun-24	\$ 12,808,781	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	30-Jun-24	-	1,945,973	-
Long-term-debt and other debt	30-Jun-24	-	3,671,840	-
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Cash and cash equivalents	30-Sep-23	\$ 11,606,487	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	30-Sep-23	-	1,789,394	-
Long-term-debt and other debt	30-Sep-23	-	4,001,897	-

The fair value of a financial instrument is approximated by the consideration that would be agreed to in an arm's length transaction between willing parties and through appropriate valuation methods, but considerable judgment is required for the Company to determine the value. The actual amount that could be realized in a current market exchange could be different than the estimated value. The fair values of financial instruments included in current assets and current liabilities approximate their carrying values due to their short-term nature.

The fair value of the long-term debt is based on rates currently available for items with similar terms and maturities and is repriced to floating market interest rates and as such, the carrying value of the long-term debt and other debt approximates fair value. The convertible debenture fair values are estimated based on rates for items with similar terms and maturity. The fair values of financial instruments in other long-term liabilities approximate their carrying values as they are recorded at the net present values of their future cash flows, using an appropriate discount rate.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 18. SEGMENTED INFORMATION

The Company operates in two ways: (i) the development, manufacturing and sales of products relating to the medical diagnostics industry, namely antigens as test ingredients, quality assessment products to help ensure the accuracy of test workflows and viral transport medium to enable collection of patient test samples and, (ii) the development and commercialization of novel and proprietary products or technologies such as Kinlytic. The following is an analysis of the Company's revenues and profits from continuing operations for the quarters ended June 30, segmented between categories (i) and (ii) (including Kinlytic):

Segment revenue	For the three months		For the nine months	
	2024	2023	2024	2023
Product Sales	\$ 4,946,122	\$ 4,065,426	\$ 14,659,092	\$ 10,509,148
Licensing Fees and Royalties	113,343	1,464,726	4,441,158	1,741,399
Total for continuing operations	\$ 5,059,465	\$ 5,530,152	\$ 19,100,250	\$ 12,250,547

Operating Income (Loss)	For the three months		For the nine months	
	2024	2023	2024	2023
Product Sales	\$ 224,408	\$ (1,848,368)	\$ (401,637)	\$ (3,631,334)
Licensing Fees and Royalties	22,338	1,079,260	3,481,491	1,594,578
Total for continuing operations	\$ 246,746	\$ (769,108)	\$ 3,079,855	\$ (2,036,756)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current quarter (2023 - \$nil).

Segment income (loss) represents the profit (loss) before tax earned by each segment without allocation of central administration costs, directors' fees, and finance costs. These general costs are reflected in category (i) and (ii) segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segmented assets and liabilities are as follows:

	Segment assets		Segment liabilities	
	June 30	September 30	June 30	September 30
	2024	2023	2024	2023
Product Sales	\$ 34,884,898	\$ 32,574,439	\$ 9,710,177	\$ 11,028,537
Licensing Fees and Royalties	2,847,692	3,078,585	-	-
Total for continuing operations	\$ 37,732,590	\$ 35,653,024	\$ 9,710,177	\$ 11,028,537

All assets are allocated to reportable segments other than interests in associates and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. All liabilities are allocated to reportable segments other than borrowings and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 18. SEGMENTED INFORMATION (Continued)

Segmented depreciation and amortization, impairment of long-lived assets or reversal of impairment of long-lived assets and additions to non-current assets for the quarter ended June 30 are as follows:

	Depreciation and amortization		Additions to non-current assets	
	2024	2023	2024	2023
Product Sales	\$ 349,690	\$ 304,219	\$ 1,677,262	\$ 215,114
Licensing Fees and Royalties	76,965	-	-	-
	\$ 426,655	\$ 304,219	\$ 1,677,262	\$ 215,114

#### 19. REVENUES AND GEOGRAPHIC INFORMATION

The Company operates in three principal geographical areas – North America (where it is domiciled), Europe, and in other foreign countries. The Company's revenue from external customers is tracked based on the bill-to location. Information about its non-current assets by location of assets are also detailed below. It should be noted that our distribution partner for Asia is based in the United States, so most sales destined to Asia are reflected in the North American total.

Revenues	For the three months		For the nine months	
	2024	2023	2024	2023
North America	\$ 3,790,907	\$ 4,108,781	\$ 15,297,935	\$ 8,126,203
Europe	1,076,215	1,419,738	3,407,589	4,120,379
Other foreign countries (directly)	192,344	1,633	394,726	3,965
	\$ 5,059,466	\$ 5,530,152	\$ 19,100,250	\$ 12,250,547

	Non-current assets	
	June 30, 2024	September 30, 2023
North America	\$ 13,815,040	\$ 13,351,018
Europe	-	-
Other foreign countries (directly)	-	-
Balance, end of quarter	\$ 13,815,040	\$ 13,351,018

The following table reflects the movement in the Company's deferred revenues:

For the period ended June 30,	2024	2023
Balance, beginning of the quarter	\$ 1,567,498	\$ 1,553,898
Cash payments or advance payments on performance obligations	616,171	1,553,263
Revenue recognized during the quarter	(254,175)	(491,070)
Deferred government grant and loan (see notes 8 and 9)	(438,655)	(45,769)
Balance, end of quarter	\$ 1,490,838	\$ 2,570,322

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the quarters ended June 30, 2024 and 2023

#### 19. REVENUES AND GEOGRAPHIC INFORMATION (Continued)

The Company recognizes revenue from the sale of products at a point in time, when control of the promised good is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods.

Revenue from licensing of the Company's intangible assets are recognized when the service is rendered and control of the service is transferred to the Company's customers. As part of the Agreement signed with Sequel on May 16, 2023, Microbix received an upfront payment of \$ 2.0 million U.S. under the Agreement, recognized \$1,348,500 (\$1 million U.S.) within royalties and other sales in the consolidated statement of income (loss) and \$1,348,500 (\$1 million U.S.) within deferred revenue as a contract liability on the consolidated statement of financial position in Q3 2023. The Company has determined that royalty milestone payments received under the Agreement represent one performance obligation and are recognized at a point in time. The royalty milestones in the Agreement are considered variable consideration and are estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. During Q1 2024, the uncertainty of the consideration originally deferred was recognized as sales.

#### 20. RELATED PARTY TRANSACTIONS

##### *Key Management Compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management includes six independent directors and four key management executive officers. Compensation for the Company's key management personnel was as follows:

	Three months ended June 30, 2024	Three months ended June 30, 2023
Short-term wages, bonuses and benefits	\$ 290,539	\$ 292,477
Share based payments	109,273	116,986
Total key management compensation	\$ 399,812	\$ 409,464

#### 21. COMMITMENTS AND CONTINGENCIES

##### *Payments on convertible debentures (Note 7)*

	Amount
2024	\$ 90,000
2025	360,000
2026	360,000
2027	360,000
2028	2,860,000
2029 and thereafter	1,539,497
	\$ 5,569,497

##### *Contingencies*

The Company is not party to any legal proceedings arising out of the normal course of business.