

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

As at June 30, 2025 and September 30, 2024

**Canadian Funds**

	As at June 30, 2025	As at September 30, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 12,100,900	\$ 12,963,339
Accounts receivable	2,367,436	4,161,448
Inventory (Note 4)	8,860,594	6,464,407
Prepaid expenses and other assets	747,543	643,469
Investment tax credit receivable	27,087	27,299
<b>TOTAL CURRENT ASSETS</b>	<b>24,103,561</b>	<b>24,259,962</b>
<b>LONG-TERM ASSETS</b>		
Property, plant and equipment (Note 5)	10,299,419	9,617,657
Intangible assets (Note 6)	3,852,845	4,219,148
<b>TOTAL LONG-TERM ASSETS</b>	<b>14,152,264</b>	<b>13,836,805</b>
<b>TOTAL ASSETS</b>	<b>\$ 38,255,825</b>	<b>\$ 38,096,767</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,596,163	\$ 2,662,417
Current portion of long-term debt (Note 5)	5,148	111,120
Current portion of lease liability (Note 5)	207,644	130,815
Deferred revenue (Note 19)	667,948	490,470
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,476,902</b>	<b>3,394,822</b>
<b>LONG-TERM LIABILITIES</b>		
Debentures (Note 7)	2,217,349	2,006,436
Lease liability (Note 5)	1,350,327	568,919
Other long-term liabilities	270,258	249,588
Long-term debt (Note 8)	2,624,966	3,579,574
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,462,901</b>	<b>6,404,517</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 8,939,803</b>	<b>\$ 9,799,339</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	\$ 50,710,989	\$ 48,682,854
Equity component of convertible debentures (Note 7)	2,272,566	2,272,566
Contributed surplus	10,488,851	10,733,243
Accumulated deficit	(34,156,385)	(33,391,235)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 29,316,021</b>	<b>\$ 28,297,428</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$ 38,255,825</b>	<b>\$ 38,096,767</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>
	2025	2024	2025	2024
<b>SALES</b>				
Product Sales	\$ 3,348,478	\$ 4,946,122	\$ 14,424,069	\$14,659,092
Licensing Fees and Royalties	123,704	113,343	416,979	4,441,158
<b>TOTAL SALES</b> (Note 18, 19)	<b>3,472,182</b>	<b>5,059,465</b>	<b>14,841,048</b>	<b>19,100,251</b>
<b>COST OF GOODS SOLD</b>				
Product Sales	2,042,283	2,297,371	6,449,376	7,116,325
Licensing Fees and Royalties	14,934	14,040	55,590	42,572
<b>TOTAL COST OF GOODS SOLD</b> (Note 4)	<b>2,057,217</b>	<b>2,311,411</b>	<b>6,504,966</b>	<b>7,158,896</b>
<b>GROSS MARGIN</b>	<b>1,414,965</b>	<b>2,748,054</b>	<b>8,336,082</b>	<b>11,941,355</b>
<b>EXPENSES</b>				
Selling and business development	399,391	364,852	1,221,599	1,101,603
General and administrative	1,753,626	1,692,578	5,582,732	6,132,248
Research and development	591,563	562,820	1,700,901	1,542,920
Foreign Exchange (Gain)/Loss	156,672	(37,510)	168,420	(29,650)
Financial expenses (Note 15)	156,489	(81,432)	427,580	114,379
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (1,642,776)</b>	<b>\$ 246,746</b>	<b>\$ (765,150)</b>	<b>\$ 3,079,855</b>
<b>NET INCOME (LOSS) PER SHARE</b>				
Basic (Note 13)	\$ (0.012)	\$ 0.002	\$ (0.005)	\$ 0.023
Diluted (Note 13)	\$ (0.012)	\$ 0.002	\$ (0.005)	\$ 0.022

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

	2025	2024	2025	2024
<b>OPERATING ACTIVITIES</b>				
Net Income (Loss) for the Period	\$ (1,642,776)	\$ 246,746	\$ (765,150)	\$ 3,079,855
<b>Items not affecting cash</b>				
Amortization and depreciation (Note 18)	444,846	426,655	1,307,831	1,213,240
Accretion of debentures (Note 7)	75,600	56,125	210,913	156,579
Stock options expense (Note 12)	160,530	181,892	489,664	571,045
Accretion interest expense (Note 15)	58,763	54,642	166,645	170,908
Gain on Debt Modification (Note 15)	-	(166,630)	-	(166,630)
Change in non-cash working capital balances (Note 14)	(1,020,657)	604,064	(1,574,144)	(1,443,307)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(1,923,694)</b>	<b>1,403,494</b>	<b>(164,240)</b>	<b>3,581,689</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment (Note 5)	(194,651)	(732,053)	(642,992)	(1,406,658)
Purchase of intangible assets (Note 6)	-	(270,604)	-	(270,604)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(194,651)</b>	<b>(1,002,657)</b>	<b>(642,992)</b>	<b>(1,677,262)</b>
<b>FINANCING ACTIVITIES</b>				
Repayments of long-term debt (Note 8)	(435)	(256,965)	(1,205,994)	(312,525)
Proceeds from Government Loan and Grant (Note 9)	-	-	-	-
Payment of lease liabilities	(52,423)	(45,546)	(143,292)	(136,636)
Repurchase of common shares	(266,675)	(162,632)	(1,522,238)	(610,273)
Proceeds from exercise of warrants and options (Notes 11, 12)	-	-	2,816,318	357,300
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(319,533)</b>	<b>(465,143)</b>	<b>(55,206)</b>	<b>(702,133)</b>
<b>NET CHANGE IN CASH - DURING THE PERIOD</b>	<b>(2,437,878)</b>	<b>(64,306)</b>	<b>(862,439)</b>	<b>1,202,294</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>14,538,778</b>	<b>12,873,087</b>	<b>12,963,339</b>	<b>11,606,487</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 12,100,900</b>	<b>\$ 12,808,781</b>	<b>\$ 12,100,900</b>	<b>\$ 12,808,781</b>

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

# MICROBIX

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited

For the period ended June 30, 2025 and 2024

Canadian Funds

	SHARE CAPITAL (Note 10)		CONTRIBUTED SURPLUS	DEFICIT	EQUITY COMPONENT OF DEBENTURES	TOTAL SHAREHOLDERS' EQUITY
	NUMBER OF SHARES	STATED CAPITAL				
BALANCE, SEPTEMBER 30, 2023	136,853,373	\$49,044,488	\$10,218,847	\$(36,911,414)	\$2,272,566	\$24,624,487
Stock option expense	-	-	571,045	-	-	571,045
Share Issuance pursuant to 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>\$(33,831,559)</b>	<b>\$2,272,566</b>	<b>\$28,022,414</b>
Share-based compensation expense	-	-	143,245	-	-	143,245
Share Issuance pursuant to Exercise of Options	30,000	(49,830)	(201,321)	-	-	(251,151)
Repurchase/cancellation of Shares	(1,060,579)	(332,846)	275,441	-	-	(57,405)
Net loss and comprehensive for the year	-	-	-	440,324	-	440,324
<b>BALANCE, SEPTEMBER 30, 2024</b>	<b>135,674,136</b>	<b>\$48,682,854</b>	<b>\$10,733,243</b>	<b>\$(33,391,235)</b>	<b>\$2,272,566</b>	<b>\$28,297,427</b>
Share-based compensation expense	-	-	489,664	-	-	489,664
Share Issuance pursuant to Exercise of Options and Warrants	8,578,314	3,545,936	(729,618)	-	-	2,816,319
Repurchase/cancellation of Shares	(3,992,338)	(1,517,801)	(4,438)	-	-	(1,522,239)
Net income and comprehensive income for the period	-	-	-	(765,150)	-	(765,150)
<b>BALANCE, JUNE 30, 2025</b>	<b>140,260,112</b>	<b>\$50,710,989</b>	<b>\$10,488,851</b>	<b>\$(34,156,385)</b>	<b>\$2,272,566</b>	<b>\$29,316,021</b>

(1) Includes 234,714 treasury shares (book value \$90,927) as at June 30, 2025 ; see Note 10.

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 subsidiary (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), and sample collection devices (DxTMTM business).

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, 2024, 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, 2024. The Board of Directors approved these consolidated financial statements on August 12, 2025.

The comparative audited consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation of the current consolidated financial statements.

**Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value. The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Crucible Biotechnologies Limited, over which the Company has control. Control exists when the entity is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The non-controlling interest component, if any, of the Company’s subsidiary is included in equity. All significant intercompany transactions have been eliminated upon consolidation.

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

The preparation of 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 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Changes in Accounting Policies*****IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)***

Amendments to IAS 8 were issued in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the 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 has concluded that there is no impact of adopting these amendments on its consolidated financial statements on October 1, 2023.

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

Amendments to IAS 12 were issued in May 2021, 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 has concluded that there is no impact of adopting these amendments on its consolidated financial statements on October 1, 2023.

**Impact of New Accounting Standards and Amendments Issued But Not Yet Adopted*****IFRS 9 – Financial Instruments (“IFRS 9”) and IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”)***

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and can apply other amendments subsequently. The Company does not expect material impacts of adopting these amendments on its consolidated financial statements.

***IFRS 18 – Presentation and Disclosure in Financial Statements (“IFRS 18”)***

In April 2024, the IASB issued an amendment to IFRS 18, which will replace IAS 1. The issuance introduces new categories and subtotals in the statements of comprehensive income (loss), requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027 and are to be applied retrospectively. Early adoption is permitted and must be disclosed. The Company is still assessing the impact of adopting this amendment on its consolidated financial statements.

***IAS 1 – Presentation of Financial Statements (“IAS 1”)***

In January 2020, the IASB issued an amendment to IAS 1, which affects 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 periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company has concluded that there is no impact of adopting these amendments on its consolidated financial statements on October 1, 2024.

## **MICROBIX**

### **NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds** **As at and for the three and nine months ended June 30, 2025 and 2024**

#### **4. INVENTORIES**

Inventories consist of the following:

	June 30, 2025	September 30, 2024
Raw materials	\$ 1,919,823	\$ 1,759,743
Work in process	2,788,585	2,154,703
Finished goods	4,152,186	2,549,961
	<u>\$ 8,860,594</u>	<u>\$ 6,464,407</u>

During the quarter ended June 30, 2025, inventories in the amount of \$2,042,283 (June 30, 2024- \$2,641,173) were recognized as an expense through cost of goods sold. The allowance for potentially impaired or stale-dated inventories as at June 30, 2025 was \$514,771, which is recognized as an expense in cost of goods sold (September 30, 2024 - \$718,726).

## MICROBIX

### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

#### 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 9). 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, 2024	\$ 6,265,678	\$ 723,546	\$ 9,373,246	\$ 1,705,810	\$ 800,000	\$ 19,221,230
Additions	71,223	34,256	537,513	980,298	-	1,623,290
<b>Balance, as at June 30, 2025</b>	<b>6,689,850</b>	<b>757,803</b>	<b>9,910,760</b>	<b>2,686,108</b>	<b>800,000</b>	<b>20,844,520</b>
ACCUMULATED DEPRECIATION						
Balance, as at September 30, 2024	3,017,414	517,074	5,197,231	871,854	-	9,603,574
Depreciation	331,380	16,569	455,516	138,063	-	941,528
<b>Balance, as at June 30, 2025</b>	<b>3,348,794</b>	<b>533,642</b>	<b>5,652,748</b>	<b>1,009,917</b>	<b>-</b>	<b>10,545,101</b>
NET BOOK VALUE						
Balance, September 30, 2024	3,601,213	206,473	4,176,015	833,956	800,000	9,617,656
<b>Balance, as at June 30, 2025</b>	<b>\$ 3,341,056</b>	<b>\$ 224,160</b>	<b>\$ 4,258,012</b>	<b>\$1,676,191</b>	<b>\$ 800,000</b>	<b>\$ 10,299,419</b>

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, 2024	\$ 644,736	\$ 189,220	\$ 699,734
Additions	980,298	-	973,279
Depreciation Expense	(129,853)	(8,210)	-
Interest Accretion	-	-	21,230
Payments	-	-	(136,230)
<b>Balance, June 30, 2025</b>	<b>\$ 1,495,181</b>	<b>\$ 181,010</b>	<b>\$ 1,557,971</b>
Current portion			\$ 207,644
Non-current portion			1,350,327

## MICROBIX

### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

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

Lease liabilities for leases that were entered during the quarter ended June 30, 2025 were discounted using an incremental borrowing rate of 4.7% (September 30, 2024 – 3.5%). During the quarter, the lease at 235 Watline Avenue was extended for three years with a option for an additional three years.

Lease obligations as at June 30, 2025 are:

	Amount
2025	\$ 67,001
2026	269,718
2027	272,011
2028	279,356
2029	290,475
2030 and thereafter	596,283
<b>Total</b>	<b>\$ 1,774,844</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, 2024	2,088,575	142,470	3,078,585	270,604	5,580,235
Additions	-	-	-	-	-
<b>Balance, as at June 30, 2025</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, 2024	986,272	53,426	307,859	13,530	1,361,087
Amortization expense	104,429	10,685	230,894	20,295	366,303
<b>Balance, as at June 30, 2025</b>	<b>1,090,700</b>	<b>64,112</b>	<b>538,752</b>	<b>33,826</b>	<b>1,727,390</b>
<b>NET BOOK VALUE</b>					
Balance, as at September 30, 2024	1,102,304	89,044	2,770,727	257,074	4,219,148
<b>Balance, as at June 30, 2025</b>	<b>\$ 997,875</b>	<b>\$ 78,359</b>	<b>\$ 2,539,833</b>	<b>\$ 236,779</b>	<b>\$ 3,852,845</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 key Antigen products.

**(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 the 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, the Company 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 causes for 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 Know-how**

On March 4, 2024, the Company acquired QAPs related rights and know-how from a supplier. These rights and know-how 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 20 years.

# MICROBIX

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

### 7. DEBENTURES

The Company has convertible debentures issued and outstanding as at June 30, 2025. 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, 2024	728,737	1,277,700	2,006,436
Accretion	74,043	136,869	210,912
Repayments	-	-	-
<b>Balance, June 30, 2025</b>	<b>802,780</b>	<b>1,414,569</b>	<b>2,217,349</b>
Less: current portion	-	-	-
Non-current portion	802,780	1,414,569	2,217,349
<b>Balance, June 30, 2025</b>	<b>\$ 802,780</b>	<b>\$ 1,414,569</b>	<b>\$ 2,217,349</b>
<b>Equity component at June 30, 2025</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 three and nine months ended June 30, 2025 and 2024

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

- a) The Company has an outstanding loan with the Business Development Bank of Canada (“BDC”). The following summarizes the outstanding balance as at June 30, 2025:

Term Loans with the Business Development Bank (“BDC”) (a)	
Effective date of loan	Jun, 2008
Initial Loan Amount	\$ 3,000,000
Balance, September 30, 2023	1,601,980
Proceeds from loan	-
Loan repayments during the period	(340,305)
Balance, September 30, 2024	\$ 1,261,675
Proceeds from loan	-
Loan repayments during the period	(1,205,995)
<b>Balance, June 30, 2025</b>	<b>\$ 55,680</b>
Current Portion	5,148
Non-current portion	50,532
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%. As at June 30, 2025, the rate was 6.05% (September 30, 2024 – 7.55%). The loan is secured with the building and equipment. On May 21, 2024, the Company prepaid \$229,185, 15% of the outstanding balance. On March 24, 2025 the Company made a further repayment of \$1,150,000.

As at June 30, 2025, the commitments for the next five fiscal years and thereafter for the BDC loan is as follows:

	Amount
2025	\$ 1,287
2026	5,148
2027	5,148
2028	5,148
2029	5,148
2030 and thereafter	\$ 33,801

- b) On March 26, 2025, the Company announced that it had expanded its bank line of credit (“LoC”) to a maximum of C\$ 4.0 million, from its prior maximum of C\$ 2.0 million. The LoC is entirely undrawn at present and is being made available at a premium of 1.4% over the bank’s prime rate (currently at 4.95%). The availability of the expanded demand LoC is driven by a borrowing-base formula that is predominantly driven by accounts receivable and inventory balances. 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)**

- c) 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 of 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 was to begin 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.
- d) As at June 30, 2025, the Company has received contributions totalling \$3,233,250 (September 30, 2023 – \$3,233,250). 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, 2024 – \$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, 2024 – \$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, 2025, \$15,014 has been recognized as grant income within general and administrative expenses (June 30, 2024- \$23,752). As at June 30, 2025, the carrying value of the Loan is \$2,574,434 (June 30, 2024– \$2,501,170) and \$330,315 is recognized as a deferred grant within deferred revenue on the consolidated statements of financial position (June 30, 2024– \$363,480).

The Company is in compliance with the covenants associated with this loan as at June 30, 2025.

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

Fiscal Years	Amount
2026	\$ 484,987
2027	646,649
2028	646,650
2029	646,650
2030	646,650
2031	161,664

**9. GOVERNMENT GRANT**

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 50% 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 2024 \$402,162 of grant income was recognized. In addition, \$369,719 was recognized as a reduction to property, plant and equipment. At June 30, 2025, other receivables include \$336,000 in grants receivable (June 30, 2024– nil). The remaining \$336,000 of the grant will be paid upon project completion following a review of Eligible Project Expenditures incurred during the project.

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

#### 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. 303,000 shares representing shares repurchased (\$108,347 book value) but not yet cancelled are considered as treasury shares as at September 30, 2023.

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 fiscal 2024, the Company repurchased 2,583,311 shares at a cost of \$925,279 and cancelled 2,749,237 shares. 137,034 shares representing shares repurchased (\$49,198 book value) but not yet cancelled are considered as treasury shares as at September 30, 2024.

On December 9, 2024 the Company initiated a new 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 5, 2024, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period.

During the quarter ended June 30, 2025, 771,623 shares were repurchased. As at June 30, 2025 234,714 shares 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, 2024	135,674,136	\$ 48,682,854
Exercise of stock options	8,578,314	3,545,936
Stock repurchase and cancellation	(3,992,338)	(1,517,801)
<b>Balance, June 30, 2025</b>	<b>140,260,112</b>	<b>\$ 50,710,989</b>

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

#### 11. COMMON SHARE PURCHASE WARRANTS

A continuity of the Company's warrants outstanding as at June 30, 2025 is presented in the following table:

	Units	Weighted average exercise price
Balance, September 30, 2024	8,881,564	\$ 0.36
Exercised	(6,703,314)	\$ 0.36
Expired	(2,178,250)	\$ 0.36
<b>Balance, June 30, 2025</b>	<b>-</b>	<b>\$ -</b>

A summary of the Company's warrants outstanding is presented in the following table:

	June 30, 2025			September 30, 2024		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life years
Exercise price:						
\$0.36	-	-	-	8,881,564	0.36	1.34
	-	-	-	8,881,564	\$ 0.36	1.34

During Q2 2025 6,703,314 warrants issued on January 31, 2020 were exercised at \$0.36 per warrant and an equivalent number of shares were issued. In addition, 2,178,250 warrants issued on January 31, 2020 expired on January 31, 2025. As at June 30, 2025, there are no warrants outstanding.

#### 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, 2025, the Company has a total of 13,669,000 options (September 30, 2024 – 12,884,000) issued and is eligible to issue up to a total of 14,026,011 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 three and nine months ended June 30, 2025 and 2024

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

The activity under the Company's stock option plan for quarter ended June 30, 2025 is as follows:

	Units	Weighted average exercise price
Balance, September 30, 2024	12,884,000	\$ 0.45
Stock options exercised	(1,875,000)	\$ 0.22
Stock options issued	2,895,000	\$ 0.48
Stock options forfeited	(235,000)	\$ 0.22
<b>Balance, June 30, 2025</b>	<b>13,669,000</b>	<b>\$ 0.49</b>
<b>Exercisable, June 30, 2025</b>	<b>5,299,000</b>	<b>\$ 0.60</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 at June 30, 2025 and September 30, 2024:

	June 30, 2025			September 30, 2024		
	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 \$0.62	8,044,000	\$ 0.56	2.43	5,169,000	\$ 0.60	1.93
\$0.28 to \$0.40	5,625,000	\$ 0.38	3.08	7,715,000	\$ 0.34	2.93
	13,669,000	\$ 0.49	2.69	12,884,000	\$ 0.45	2.52

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 \$160,530 (2024 - \$190,904).

Scheduled usage of the Microbix stock option plan occurs each February following the issuance of Microbix's full-year results and annual information form (AIF) in December and the publication of Q1 results and the management information circular (MIC) in mid-February. The board and management believe that option issuance at the same time each year constitutes optimal governance and that shareholders have maximal information at that time of year due to the recent publication of the AIF and MIC. Option issuances in February for the preceding five years have been on the order of 2% of shares outstanding and are as follows:

Fiscal Year	Option Quantity	Option Strike Price
2021	2,239,000	\$0.62
2022	2,805,000	\$0.60
2023	2,815,000	\$0.37
2024	2,795,000	\$0.40
2025	2,895,000	\$0.48

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

#### 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	
	2025	2024	2025	2024
Net income (loss) for the period for basic earnings per share	\$ (1,642,776)	\$ 246,746	\$ (765,150)	\$ 3,079,855
Net income (loss) for the period for diluted earnings per share	(1,642,776)	246,746	(765,150)	3,079,855
Weighted average common shares outstanding	140,580,854	136,839,806	140,131,729	136,826,418
Dilutive Effect	27,907	788,006	74,133	808,555
Dilutive weighted average common shares outstanding	140,608,761	137,627,812	140,205,862	137,634,973
Net income (loss) per share:				
Basic	\$ (0.012)	\$ 0.002	\$ (0.005)	\$ 0.023
Diluted	\$ (0.012)	\$ 0.002	\$ (0.005)	\$ 0.022

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

	For the three months ended		For the nine months ended	
	2025	2024	2025	2024
Pursuant to warrants	-	8,881,564	-	8,881,564
Under stock options	13,641,093	12,325,994	13,594,867	12,305,445
Pursuant to convertible debentures	17,391,304	17,391,304	17,391,304	17,391,304
	31,032,397	38,598,863	30,986,171	38,578,314

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

	Three months ended June 30, 2025	Three months ended June 30, 2024	Nine months ended June 30, 2025	Nine months ended June 30, 2024
	Accounts receivable	\$ 118,769	\$ 394,837	\$ 1,794,012
Inventory	(585,181)	(92,032)	(2,396,186)	(497,448)
Prepaid expenses and other assets	(129,325)	398,514	(103,863)	(22,781)
Deferred Revenue	(77,861)	(392,448)	198,147	(812,462)
Accounts payable and accrued liabilities	(347,059)	295,193	(1,066,254)	(217,594)
	\$ (1,020,657)	\$ 604,064	\$ (1,574,144)	\$ (1,443,307)

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

#### 15. FINANCIAL EXPENSES, NET

	Three months ended June 30, 2025	Three months ended June 30, 2024	Nine months ended June 30, 2025	Nine months ended June 30, 2024
Cash interest:				
Interest on long-term debt	\$ 758	\$ 30,256	\$ 59,856	\$ 95,522
Interest on debentures	90,000	89,750	270,000	269,750
Interest other	-	-	-	30
Interest income	(68,633)	(145,575)	(279,834)	(411,781)
Non-cash interest:				
Accretion on debentures	75,600	56,125	210,912	156,580
Accretion interest expense	58,763	54,642	166,645	170,908
Gain on Debt Modification	-	(166,630)	-	(166,630)
<b>Financial expenses</b>	<b>\$ 156,489</b>	<b>\$ (81,432)</b>	<b>\$ 427,580</b>	<b>\$ 114,379</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.

#### 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 as at June 30, 2025 was \$ \$34,163,485 (September 30, 2024 - \$33,994,557).

To date, the Company has used cash provided by operating activities, common equity issues, debentures, bank mortgage and other financing to fund its activities. 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 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 \$4,000,000 with its Canadian chartered bank (see 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 fair value into one of three different levels depending on the observation of the inputs used in the measurement.

For the quarter ended June 30, 2025 and September 30, 2024, the Company has carried at fair value financial instruments in Level 1. At June 30, 2025, the Company's only financial instrument measured at fair value is cash and cash equivalents, 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 three and nine months ended June 30, 2025 and 2024****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	30-Jun-25	\$ 12,100,900	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	30-Jun-25	-	2,217,349	-
Long-term-debt and other debt	30-Jun-25	-	2,630,114	-
	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	30-Sep-24	\$ 12,963,339	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	30-Sep-24	-	2,006,436	-
Long-term-debt and other debt	30-Sep-24	-	3,690,694	-

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 three and nine months ended June 30, 2025 and 2024

#### 18. SEGMENTED INFORMATION

The Company operates in two ways: (i) the development, manufacturing, and sale 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 September 30, segmented between categories (i) and (ii) (including Kinlytic):

Segment Revenue	For the three months		For the nine months	
	2025	2024	2025	2024
Product Sales	\$ 3,348,478	\$ 4,946,122	\$ 14,424,069	\$ 14,659,092
Licensing Fees and Royalties	123,704	113,343	416,979	4,441,158
Total for continuing operations	\$ 3,472,182	\$ 5,059,465	\$ 14,841,048	\$ 19,100,250

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current quarter (September 30, 2023 - \$nil).

Operating Income (Loss)	For the three months		For the nine months	
	2025	2024	2025	2024
Product Sales	\$ (1,674,581)	\$ 224,408	\$ (895,643)	\$ (401,637)
Licensing Fees and Royalties	31,805	22,338	130,493	3,481,491
Total for continuing operations	\$ (1,642,776)	\$ 246,746	\$ (765,150)	\$ 3,079,855

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
	2025	2024	2025	2024
Product Sales	\$ 35,715,992	\$ 35,326,040	\$ 8,939,803	\$ 9,799,339
Licensing Fees and Royalties	2,539,833	2,770,727	-	-
Total for continuing operations	\$ 38,255,825	\$ 38,096,767	\$ 8,939,803	\$ 9,799,339

All assets are allocated to reportable segments 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 three and nine months ended June 30, 2025 and 2024

#### 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 as at June 30 are as follows:

	Depreciation and amortization		Additions to non-current assets	
	2025	2024	2025	2024
Product Sales	\$ 367,881	\$ 349,690	\$ 1,623,290	\$ 1,677,262
Licensing Fees and Royalties	76,965	76,965	-	-
	\$ 444,846	\$ 426,655	\$ 1,623,290	\$ 1,677,262

#### 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. Additionally, due to its distributor for Asia being domiciled in North America, Microbix believes it is not subject to the receivables collection risks sometimes associated with sales to Asia.

Revenues	For the three months		For the nine months	
	2025	2024	2025	2024
North America	\$ 2,119,122	\$ 3,790,907	\$ 9,215,082	\$15,297,935
Europe	1,327,107	1,076,215	5,314,004	3,407,589
Other foreign countries (directly)	25,953	192,344	311,962	394,726
	\$ 3,472,182	\$ 5,059,466	\$ 14,841,048	\$19,100,250

	Non-current assets	
	June 30, 2025	September 30, 2024
North America	\$ 14,152,264	\$ 13,836,805
Europe	-	-
Other foreign countries (directly)	-	-
Balance, end of quarter	\$ 14,152,264	\$ 13,836,805

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

For the period ended June 30,	2025	2024
Balance, beginning of the quarter	\$ 1,016,067	\$ 1,567,498
Cash payments or advance payments on performance obligations	457,859	616,171
Revenue recognized during the quarter	(520,705)	(254,175)
Deferred government grant and loan (see notes 8 and 9)	(15,014)	(438,655)
Balance, end of quarter	\$ 938,206	\$ 1,490,838

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### NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Canadian Funds As at and for the three and nine months ended June 30, 2025 and 2024

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

As of June 30, 2025, \$270,258 of deferred revenue is reported in Other long-term liabilities (September 30, 2024 - \$249,588).

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 statements of income (loss) and \$1,348,500 (\$1 million U.S.) within deferred revenue as a contract liability on the consolidated statements of financial position as at September 30, 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. In November 2023, Microbix received confirmation of full project funding from Sequel, recognized the second half of its initial payment from Sequel (i.e., \$ 1.0 million U.S.) and received the next milestone payment of \$ 2.0 million U.S. which was entirely recognized as revenue.

#### 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, 2025	Three months ended June 30, 2024
Short-term wages, bonuses and benefits	\$ 299,217	\$ 290,539
Share based payments	95,957	109,273
Total key management compensation	\$ 395,174	\$ 399,812

#### 21. COMMITMENTS AND CONTINGENCIES

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

	Amount
2025	\$ 90,000
2026	360,000
2027	360,000
2028	2,860,000
2029	1,539,497
	\$ 5,209,497

##### *Contingencies*

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