

Microbix Biosystems Inc.

13 February 2026

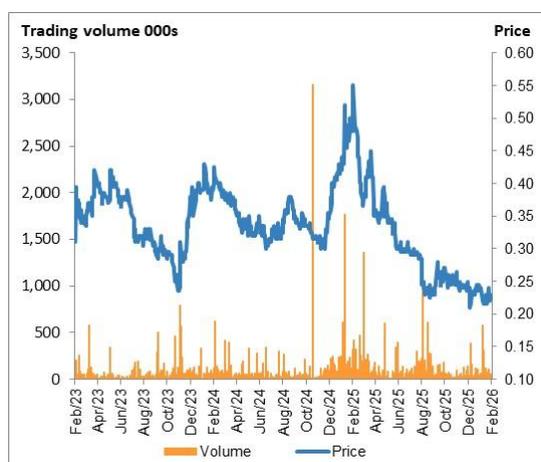
MBX-T: \$0.23, MBXBF-OTC: US\$0.16

Bruce Krugel 416-509-5593

Price	\$0.23	Market Cap	\$31,231	
Target Price	\$0.55	Debt	\$6,867	
Projected Return	144%	Cash	-\$12,101	
52 Week Range	0.55/0.21	EV (\$000s)	\$25,997	
Basic Shares (000's)	138,806			
FD Shares (000's)*	169,617			
Insiders	15.1%			
Y/E September	2024	2025	2026E	2027E
Revenues (\$000s)	25,394	18,585	18,898	21,993
EBITDA (\$000s)	5,518	74	-978	2,975
Adj. EBITDA** (\$000s)	2,102	74	-978	2,975
FDEPS	0.02	-0.02	-0.03	0.00
EV/EBITDA	4.7x	352.7x	-26.60x	8.74x
*Assumes conversion of CD				
**= Adj EBITDA excludes impact of Kinlytic progress payments				

FQ1/26 REVIEW: MAINTAINING \$0.55 TARGET. BUSINESS IS RECOVERING FROM 2025 SETBACKS. STRONG REVENUE GROWTH FORECAST FOR QAPS.

- Revenue decline:** base business revenues declined -30.2% to \$4.2m from \$6.0m YoY. There were no Kinlytic® royalties recognized during the quarter, Specifically, **Antigen** revenues declined -49.0%, due to a slowdown in sales via the Chinese distributor (\$2.0m). Excluding China, revenues grew 5% indicating the antigen business is recovering outside China. **QAPs™** revenues grew 15.3% primarily due to sales of REDx (ongoing QC) and PROCEEDx (research only) products.
- Gross margins:** GMs declined to 41.1% vs 62.1% YoY negatively impacted by lower Antigen product sales absorbing the higher fixed cost base.
- Operating Expenses:** Total operating expenses were essentially flat at a -2.3% decrease vs FQ1/25, slightly lower than our forecasts, as costs are managed in line with lower sales.
- EBITDA:** The net impact of lower revenues, lower gross margin and flat expenses resulted in an adjusted EBITDA margin of -12.6% vs 23.2% in FQ1/25.
- Cash Position:** Cash declined \$3.0m sequentially to \$9.1m from \$12.1m in FQ4/25. Principal contributors to this movement include: \$1.1m net loss and a \$2.2m increase in working capital (mainly due to the \$2.4m increase in receivables); offset by \$456k depreciation charge. \$3.3m of receivables were paid in January and we expect working capital to revert to historical levels.
- Outlook.** We forecast revenue growth returning in the last 2 quarters of the fiscal year and net income break even on ~\$5.5m/quarter of revenues in FQ4/26E. The Antigen business is recovering outside of China; for QAPs™, molecular pathology and genetics testing is broadening MBX's market reach. Confirmed by the announcement of one significant new client, College of American Pathologists.
- Kinlytic® Update:** As anticipated, no Kinlytic® urokinase licensing revenues were recorded. MBX is set to receive payment of US\$1.0m upon approval of the supplemental Biologics License Application (sBLA), expected in late 2027, with licensing revenues anticipated to commence in F28E.
- Valuation:** Based on our F27E forecasts, we maintain our target of \$0.55 derived from a sum-of-parts approach: 1) Valuing the base business by applying an EV/EBITDA multiple to the base business EBITDA, and then 2) adding \$40.0m (\$0.23cps) for the Kinlytic® urokinase development asset. We will reassess the valuation of Kinlytic® urokinase following the sBLA filing.



Profile

Microbix Biosystems Inc. (MBX-T) is a Canada-based life science company and manufacturer of viral and bacterial antigens and cell, culture-based biological products, and technologies. MBX's catalogue of antigens covers +30 bacterial and viral pathogens implicated in maternal, pediatric, childhood, respiratory, sexually transmitted, and insect-borne diseases. MBX is now focusing on a higher growth opportunity: its QAPs™ product line (~300 SKUs), targeting quality controls within accreditation organizations, IVD equipment manufacturers, and clinical laboratories. Microbix also has a fully funded biologic thrombolytic drug program, Kinlytic® urokinase, which is targeted to return to the U.S. market by way of an sBLA filing in 2027.

Disclosure

Please refer to the important disclosures on page 16.

Through this report we refer to the “base business” as being the core Antigen/QAPs™ business excluding any royalties.

Kinlytic® progress is provided in Appendix I: Kinlytic® urokinase.

Revenues

The base business revenues declined -30.2% to \$4.2m from \$6.0m in the prior year (Figure 1). There were no Kinlytic® royalties recognized during the quarter, as expected.

Figure 1: MBX revenues (\$000's)

	FQ1/26	FQ1/25	% change	Explanation
Antigen products	2,174	4,267	-49.0%	Decrease due to significantly lower sales (-\$2.0m) to China distributor
QAPs™	1,876	1,627	15.3%	Increase primarily due to sales of REDx and PROCEEDx branded products more than 2x YoY
Royalties	168	150	12.0%	
Base business	4,219	6,044	-30.2%	
Kinlytic® royalties	-	-		Receipt of final royalty payment expected F27E
Total revenues	4,219	6,044	-30.2%	

Source: Company reports; KRC Insights

Antigen products. Sales declined -49.0% with \$2.0m attributed to lower sales to the distributor in China. Excluding China, sales to other Antigen customers were +5% YoY.

The Antigen business exhibits some variability (Figure 2), as it is dependent on the purchasing patterns of a small number of larger customers, including the increasingly important Asian distributor. The ramp-up of the Asian distributor was the primary driver of revenue growth over the past 4 quarters.

Figure 2: MBX Antigen revenues (\$000s)

Fiscal year	FQ1	FQ2	FQ3	FQ4	Full year
2020	1,946	2,358	2,246	2,138	8,688
2021	2,138	2,524	2,399	2,021	9,082
2022	1,766	1,608	2,284	2,630	8,288
2023	1,004	3,005	2,609	2,975	9,592
2024	1,954	4,111	3,276	4,472	13,814
2025	4,267	4,318	1,832	1,952	12,369
2026	2,174				

Source: Company reports

QAPs™. QAPs™ revenues increased 15.3%, primarily due to sales of REDx and PROCEEDx branded products more than doubling during the quarter.

Gross Margins

FQ1/26 gross margins declined to 41.1% vs 62.1% in FQ1/25, (Figure 3) negatively impacted by fixed manufacturing costs needing to be absorbed across fewer units of antigen production.

Figure 3: MBX gross margins

	FQ1/26	FQ1/25
Total gross margin	41.1%	62.1%
Base business gross margin*	41.1%	62.1%

Source: Company reports; KRC Insights * = excludes impact of royalty payments and license fees

The quarterly trend in gross margins for the base business is shown in Figure 4.

Figure 4: MBX base business gross margins*



Source: Company reports, KRC Insights * = excludes license payments

Inventories remain elevated increased \$2.7m, but there is no write-down risk as levels are expected to normalize once excess antigen inventory is sold.

To recap, several factors influence margins:

- **Sales Mix:** There is inherent variability within the Antigen portfolio, both on a product-by-product and lot-by-lot basis. Gross margins are expected to benefit from the contribution of higher-margin QAPs™ revenues, which positively impact the overall margin profile.
- **Manufacturing Process:** MBX continues its transition from roller bottles to bioreactors. In FQ3/24, a second bioreactor-based product-line was brought online, and while an increasing portion of the Antigen business is now bioreactor-based, multiple products are still made using more traditional methods.
- **Manufacturing Volume and production improvements:** MBX has significantly expanded its production capacity for multiple Antigen products. In addition, MBX has made substantial investments to modernize its manufacturing operations (Figure 7). Key initiatives include the implementation of an Enterprise Resource Planning (ERP) system and the transition to a paperless Quality Management System (eQMS). These costs increased the company's fixed costs component.

Operating Expenses

Total operating expenses were essentially flat at -2.3% decrease in FQ1/26 over FQ1/25 (Figure 5), slightly lower than our forecasts as costs are managed in line with lower sales.

Operating expenses tend to be lower in FQ1, with increases expected in FQ2 and FQ3 due to trade shows and R&D.

Figure 5: MBX expenses (\$000's)

	FQ1/26	FQ1/25	% change
Selling and business development	334	367	
General and administrative	1,792	1,709	
R&D	557	600	
Forex	38	107	
Total operating expenses	2,720	2,783	-2.3%

Source: Company reports; KRC Insights

EBITDA margin

Referring to the base business, the net impact of lower revenues, lower gross margin and flat expenses resulted in an adjusted EBITDA margin of -12.6% in FQ1/26 vs 23.2% in FQ1/25. (Figure 6).

Figure 6: MBX base business EBITDA margins*



Source: Company reports; KRC Insights *excludes license payments

Cash Flow and Balance Sheet

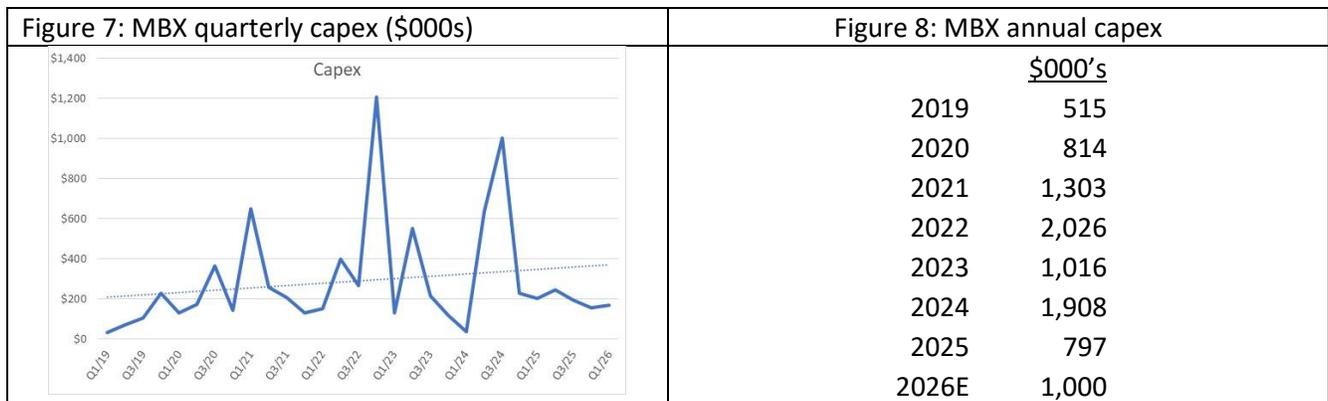
In FQ1/26, MBX reported a \$3.0m decline in cash balances to \$9.1m from \$12.1m in FQ4/25. Principal contributors to this movement include:

- \$1.1m net loss; compounded by
- \$2.2m increase in working capital. The largest contributor to the increase was receivables (\$2.4m); Offset by
- \$456k depreciation charge (Figure 7).

With regards to receivables, MBX received payments of \$3.3m in January 2026, resulting in month end cash balances of \$10.6m, up \$1.5m from the end of December.

Inventories remain elevated vs historical levels. The -30.2% decline in base business revenues contributed to inventory days increasing from 281.8 days in FQ1/25 to 341.9 days in FQ1/26. However, management stated there is no risk of write-down, as Antigen products do not expire and QAPs™ comprised ~20% of total inventories. In FQ1/26, the allowance for potentially impaired or stale-dated inventories was \$661k, which is recognized as an expense in cost of goods sold, vs \$530k at the end of FQ4/25.

MBX has made significant investments in manufacturing capacity expansion (Figure 7) in anticipation of sales growth. However, given the loss of China sales and the QuidelOrtho Corp (QDEL-Q) Savanna platform capex will be reduced going forward. Management expects capex in F26E will be ~\$1.0m (Figure 8).



Source: Company reports; KRC Insights

As we have stated prior, management estimates that these expansions will support >\$50m revenue run rate.

MBX has made effective use of government funding for its capex as shown by long-term debt (Figure 9).

Figure 9: MBX total debt at FQ1/26 (\$000's)

	Current	Non-current	Total	Detail
Long term debt	5.2	3,019.6	3,024.8	Low interest govt loans: BDC \$1.6m, Ontario govt \$2.4m,
Lease liability	214.0	1,241.5	1,455.5	Covers three facility leases.
Convertible Debentures		2,386.5	2,386.5	Debentures mature on 9/28 and 1/29, bear interest at 9%, and have a face value of \$4.0m. These are in-the-money and most likely will be converted.
Total debt	219.2	6,647.6	6,866.8	

Source: Company reports, KRC Insights

The debt is well covered (Figure 10).

Figure 10: MBX FQ1/26 total capital employed (\$000s)

	31/12/25
Share capital	50,178.8
Equity component of CDs	2,272.6
Contributed surplus	10,960.0
Accumulated deficit	-36,804.2
Total equity	26,607.2
Total debt	6,866.8
Total capital employed	33,474.0

Source: Company reports, KRC Insights

During FQ1/26, MBX repurchased and cancelled 706k shares through its normal course issuer bid (NCIB) at a cost of \$173.7k. MBX's updated share count is shown in Figure 11.

Figure 11: MBX fully diluted share count (000s)

	Shares	Options	Warrants	Convert. Deb	Total
At 31/12/25	138,806	13,419		17,391	169,617

Source: Company reports, KRC Insights

Estimates

Revenues

MBX's goal is to increase the revenues in its three segments as follows:

- **Antigens.** To expand its addressable antigens market by adding the capability of recombinant (synthetic) production. Recombinant Antigens are a strategic focus as they are significantly cheaper to produce than non-recombinant (native) antigens when they can successfully substitute for them and are designed to work across multiple strains and have a long shelf life if stored properly.
- **QAPs™.** Primary drivers of QAPs™ sales growth include molecular pathology and genetics testing:
 - Creation of new value-added and proprietary products for test-makers and clinical laboratories;
 - Support for cervical cancer screening in multiple countries all throughout the Indo Pacific through collaboration with the Australian Center for the Prevention of Cervical Cancer;
 - Increasing American, European and international quality-management regulation of clinical laboratories (e.g., the U.S. VALID Act and EU IVDR regulations); and
 - Increasing adoption of molecular testing (e.g. "PCR") by laboratories and at the point-of-care.
 - The College of American Pathologists, the world's largest provider of PT/EQA¹ programs, is a significant new MBX customer. This relationship is expected to generate well into six figures in revenue for F26, with the potential to become a seven-figure account as more programs are rolled out.

¹ PT= Proficiency testing, also commonly known as EQA=External Quality Assessments

- **Kinlytic® urokinase.** Generating milestone payments and royalties from Kinlytic® as described in earlier reports and summarized in Appendix I: Kinlytic® urokinase.

Based on the above, at a high level, MBX's stated annual revenue growth targets are as follows:

- **F26E:** MBX is targeting to recover the sales lost in China (antigen) and through QDEL (QAPs), and achieve flat sales YoY. Within that context, management expects further net losses for at least the next two quarters and to achieve breakeven by fiscal yearend. We are forecasting that MBX will achieve net income break-even on ~\$5.5m/quarter of revenues in FQ4/26E.
- **F27E:** To increase revenues materially over F26E by way of new customers and customer programs relating to QAPs™ and QUANTDx. On the FQ4/25 conference call, management stated that the launch of the QUANTDx reference materials product line is a potential future revenue driver, possibly as important as QAPs™. Early engagement with assay development counterparties is generating material revenues already. MBX is working with seven multinational diagnostics manufacturers to secure sales of new products or programs and to increase sales to laboratory accreditation agencies and clinical laboratories.

Our forecasts and outlook for the next two fiscal years are shown in Figure 12.

Figure 12: MBX Revenue Forecasts (\$000's)

Sept. year-end	F2026E	F2027E	Description
Antigen products	11,008	11,559	Expand production of recombinant antigens, and general recovery in the antigen market.
% growth	-11.0%	5.0%	
QAPs™	7,303	9,859	Sales growth through QUANTDx, new customers/customer programs, laboratory accreditation agencies and clinical laboratories.
% growth	30.0%	35.0%	
Royalties	587	575	
% growth	-2.0%	-2.0%	
Sales of base business	18,898	21,993	
% growth base business	1.7%	16.4%	
Kinlytic® urokinase royalties	-	-	No royalties forecast until F27E, when US\$1.0m is due upon FDA acceptance of the sBLA to be followed by potential sales milestone payments.
Total sales	18,898	21,993	
Total revenue growth	1.7%	16.4%	

Source: KRC Insights

For F26E, we are forecasting a 1.7% YoY total revenue growth as growth returns in the back half of the fiscal year. For F27E, the 16.4% growth is driven primarily by 35% QAPs™ growth.

Antigen Outlook: The slowdown in Antigen sales to China is expected to carry over into FQ2/26E negatively impacting YoY comparisons until FQ3/26E. In January 2026, MBX added recombinant (synthetic) capabilities to its native (natural) antigen production with the announcement of its first recombinant² - SARS-CoV-2 capsid protein.

² This antigen will be used in MBX QAPs™ to reduce cost of sales

QAPs™ Outlook. We are forecasting 16% recovery in QAPs™ revenue in FQ1/26, followed by a seasonally expected sequential decline into FQ2/26 (one customer places orders in 3 quarters of the year only). Helping in this regard, during Q1, MBX announced two new QAPs-oriented relationships with two large test makers - Sekisui targeting for point-of-care tests in the U.S., and Seegene for lab-based tests in Mexico.

Margins

Factoring in anticipated revenue growth, higher fixed cost recoveries and management of operating costs, we forecast that EBITDA margins will recover sequentially off the F26E lows, Figure 13.

Figure 13: MBX EBITDA forecasts (\$000s)

Sept. year-end	F2025	F2026E	F2027E
EBITDA	74	(978)	2,975
Margin %	0.4	(5.2)	13.5
Adj. EBITDA*	74	(978)	2,975
Margin %	0.4	(5.3)	13.9

Source: KRC Insights Adj EBITDA excludes the impact of Sequel license payments i.e. represents the base business only

Valuation

From macro perspective, we compare the MBX share price performance against a Medical Devices ETF over the past 12 months.

MBX shares have underperformed those of the iShares U.S. Medical Devices ETF (IHI-N), generating a 12-month return of -53.1% vs -10.2% of the ETF (Figure 14). IHI is a ~US\$3.5bn ETF and its holdings comprise, amongst others, several MBX customers. It offers exposure to U.S. companies that manufacture and distribute medical devices and is used to express a sector view.

The decline in the MBX shares over the past 12 months can be attributed to the decrease in China sales and the loss of the QDEL development platforms.

Figure 14: MBX share price vs iShares U.S. Medical Devices ETF (pricing at 12/2/26)



Source: Respective exchanges, KRC Insights

To provide context for the -10.2% decrease in the ETF share price over the past 12 months, we provide some granularity (Figure 15) limited to our group of MBX comparable companies, some of which are included in the IHI ETF.

This comparable group of companies has experienced an average -13.9% decline in their share prices over the past year (vs -10.2% for the ETF). This -13.9% decline (Figure 15) is materially influenced by DiaSorin (DIAS-M) and QuidelOrtho (QDEL-O) whose share prices declined -25.5% and -40.6% respectively.

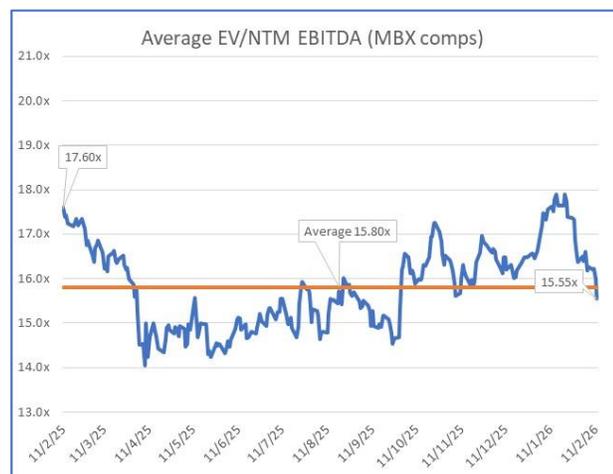
Figure 15: 12-month changes in share prices and NTM EBITDA forecasts (as of 12/2/26)

	Symbol	12-month change in share price %	12-month change in NTM EBITDA %	12-month change in EV/EBITDA multiple %
Microbix Biosystems Inc	MBX.TO	-53.1%		
Bio Rad Laboratories Inc	BIO.N	-6.4%	-10.2%	-1.4%
Bio-Techne Corp	TECH.O	-11.7%	-0.9%	-12.6%
Danaher Corp	DHR.N	6.3%	7.0%	-3.5%
DiaSorin SpA	DIAS.MI	-25.5%	-4.1%	-26.1%
QuidelOrtho Corp	QDEL.O	-40.6%	7.9%	-25.1%
Thermo Fisher Scientific Inc	TMO.N	-5.2%	4.3%	-8.8%
Average		-13.9%	0.7%	-12.9%

Source: KRC Insights

The average EV/NTM EBITDA multiple of this group (Figure 16) has declined from 17.6x to 15.6x over the 12 months (averaging 15.8x for this period). This valuation multiple decline is a function of share price declines exceeding NTM EBITDA forecasts growth.

Figure 16: MBX comps trend in NTM EV/EBITDA



Source: KRC Insights

The comparable company valuation table is shown in Figure 17. We compare MBX's valuation of its base business (Antigens and QAPs™), excluding the Kinlytic® urokinase asset as it is valued separately. MBX is currently trading at a discount to its peer group on an EV/2027E EBITDA basis (8.7x vs 13.8x).

Figure 17: MBX and comparable companies' valuations (pricing at 12/2/26)

	Symbol	Price	Mkt Cap	EV	EBITDA		Revenues		Rev	EV/EBITDA		EV/Revenues	
					2024	2027E	2024	2027E	Growth (p.a.)	2024	2027E	2024	2027E
Microbix Biosystems Inc*	MBX.TO	0.23	31.2	26.0	2.1	3.0	24.0	22.0	-4.4%	12.37x	8.74x	1.08x	1.18x
Bio Rad Laboratories Inc	BIO.N	292.42	7,901.3	7,685.4	449.9	487.9	2,574.8	2,761.8	3.6%	17.08x	15.75x	2.98x	2.78x
Bio-Techne Corp	TECH.O	59.54	9,315.2	9,402.4	423.1	528.2	1,216.9	1,430.3	8.4%	22.22x	17.80x	7.73x	6.57x
Danaher Corp	DHR.N	214.94	151,941.1	165,751.1	7,624.5	9,543.8	24,535.0	28,783.3	8.3%	21.74x	17.37x	6.76x	5.76x
DiaSorin SpA**	DIAS.MI	74.20	4,151.7	4,840.9	391.2	460.9	1,191.3	1,373.9	7.4%	12.37x	10.50x	4.06x	3.52x
QuidelOrtho Corp	QDELO	23.74	1,612.4	4,092.8	594.9	761.9	2,706.5	3,013.1	5.5%	6.88x	5.37x	1.51x	1.36x
Thermo Fisher Scientific Inc	TMO.N	509.82	191,543.5	220,945.5	11,154.0	13,929.7	44,293.4	52,534.0	8.9%	19.81x	15.86x	4.99x	4.21x
Totals/Average							76,518.1	89,896.4	8.4%	16.69x	13.78x	4.67x	4.03x
*Forecasts for base business only as KU asset valued separately													
**=Euros													

Source: KRC Insights

Our valuation for MBX (Figure 18) is based on the following metrics:

- We apply a 15.0x EV/2027E EBITDA multiple – a slight discount to the average of MBX’s US-listed peers of 15.8x (Figure 17). All the comps that comprise our average valuation multiples are significantly larger than MBX.
- Our fully diluted number of shares anticipates the conversion of the convertible debenture (Figure 11).
- We ascribe a notional value for the Kinlytic® urokinase asset of \$40m (\$0.23cps) to provide recognition in the progress to re-commercialization and believe that the Sequel agreement validates this approach. There is no benefit in F26E or F27E from the Kinlytic® urokinase asset until the US\$1.0m due upon filing of the sBLA. We will adjust our valuation of Kinlytic® urokinase further once the sBLA is filed.

We maintain our target of \$0.55 derived from a sum-of-parts approach: 1) Valuing the base business by applying an EV/EBITDA multiple to the base business F27E EBITDA, and then 2) adding \$40.0m (\$0.23cps) for the Kinlytic® urokinase development asset.

Figure 18: MBX valuation (\$000s)

		F2026E
Adj. EBITDA (2026E)	\$000s	2,975
Multiple	x	15.0x
Enterprise Value	\$000s	44,624
Add: Cash 2026E	\$000s	12,307
Less: Debt 2026E*	\$000s	4,285
Implied market cap	\$000s	52,645
Kinlytic® urokinase	\$000s	40,000
MBX valuation	\$000s	92,645
FD # shares*	000s	169,617
Share price	\$	0.55
Rounded	\$	0.55

Source: KRC Insights

**= Adj EBITDA excludes the impact of Sequel progress payments and agents' commission i.e. represents the base business only

Figure 19: MBX historical and forecast income statement (\$000s)

Sept. year-end	\$000's	2024	2025	Q1/26	Q2/26E	Q3/26E	Q4/26E	2026E	2027E
Antigen products		13,814	12,369	2,174	3,109	2,602	3,124	11,008	11,559
% growth		44.0%	-10.5%	-49.0%	-28.0%	42.0%	60.0%	-11.0%	5.0%
QAPs™		7,016	5,618	1,876	1,003	2,108	2,317	7,303	9,859
% growth		37.9%	-19.9%	15.3%	16.0%	39.0%	43.9%	30.0%	35.0%
Royalties & Other		4,565	599	168	147	147	125	587	575
% growth		148.7%	-86.9%	12.0%	2.6%	2.0%	-31.2%	-2.0%	-2.0%
Total Sales		25,394	18,585	4,219	4,258	4,856	5,565	18,898	21,993
Total revenue growth		53.8%	-26.8%	-30.2%	-20.0%	39.9%	48.6%	1.7%	16.4%
Cost of goods sold		(10,002)	(8,732)	(2,485)	(2,490)	(2,516)	(2,229)	(9,721)	(8,287)
Gross Margin		15,392	9,854	1,733	1,768	2,340	3,337	9,178	13,706
Selling and business development		(1,476)	(1,616)	(334)	(410)	(447)	(454)	(1,644)	(1,979)
General and administrative		(7,886)	(7,486)	(1,792)	(2,001)	(2,062)	(2,177)	(8,032)	(8,357)
Research and development		(2,125)	(2,328)	(557)	(605)	(607)	(650)	(2,419)	(2,419)
Other			(129)	(38)					
Total costs		(11,487)	(11,559)	(2,720)	(3,015)	(3,116)	(3,281)	(12,095)	(12,756)
Operating (Loss)/income		3,905	(1,706)	(987)	(1,248)	(776)	55	(2,917)	950
Interest paid		(234)	(596)	(180)	(169)	(169)	(159)	(678)	(806)
Net income before taxation		3,671	(11,559)	(1,167)	(1,417)	(945)	(103)	(3,595)	143
Taxation		(151)	56						
Net income		3,520	(2,246)	(1,167)	(1,417)	(945)	(103)	(3,595)	143
EPS - Basic		\$ 0.03	(\$ 0.02)	(\$ 0.01)	(\$ 0.01)	(\$ 0.01)	(\$ 0.00)	(\$ 0.03)	\$ 0.00
EPS - FD		\$ 0.02	(\$ 0.02)	(\$ 0.01)	(\$ 0.01)	(\$ 0.01)	(\$ 0.00)	(\$ 0.03)	\$ 0.00
		2024	2024	Q1/25	Q2/25E	Q3/25E	Q4/25E	2025E	2026E
Gross profit	%	60.6	53.0	41.1	41.5	48.2	60.0	48.6	62.3
Operating margin	%	15.4	(9.2)	(23.4)	(29.3)	(16.0)	1.0	(15.4)	4.3
EBITDA	\$000's	5,518	74	(531)	(753)	(281)	550	(978)	2,975
EBITDA margin	%	21.7	0.4	(12.6)	(17.7)	(5.8)	9.9	(5.2)	13.5
Adj. EBITDA*	\$000's	2,102	74	(531)	(753)	(281)		(978)	2,975
Adj. EBITDA margin*	%	10.1	0.4	(12.6)	(17.7)	(5.8)	0.0	(5.3)	13.9
Effective tax rate	%	4.1	2.4	--	--	--	--	--	--
Net margin	%	13.9	(12.1)	(27.7)	(33.3)	(19.5)	(1.9)	(19.0)	0.7

Source: Company reports, KRC Insights

*=excludes the impact of KU progress payments

Appendix I: Kinlytic® urokinase

Given the potential impact on MBX's valuation of the Kinlytic® urokinase commercialization, this section provides context for investors and is only updated with the progress made since our last report.

Background

On 16 May 2023, MBX announced a commercialization agreement with Sequel Pharma LLC (Sequel). It represents the culmination of MBX's previously stated intention to re-commercialize Kinlytic® urokinase. Kinlytic® urokinase, formerly Abbokinase®, is owned 100% by MBX and approved for multiple indications. While originally targeting massive pulmonary embolism, it became the market leader for catheter clearance (CC).

MBX has signed a fully funded redevelopment deal for Kinlytic® urokinase. As part of the deal, MBX was to receive US\$5.0m in pre-commercialization payments (detailed below) centered around closing and regulatory approval, then US\$30m in revenues-based progress payments and a double-digit royalty on net revenues. Sequel will fund all development costs.

Progress to date

Of the US\$5.0m of pre-commercialization progress payments, US\$4.0m have been received:

- **First US\$2.0m.** In FQ1/25, MBX received its initial \$2.0m progress payment. Of this, US\$1.0m was recorded as revenues, and US\$1.0m was recorded as deferred revenue.
- **Second US\$2.0m.** On 16 November 2023, MBX announced reconfirmation of its agreement with Sequel to return Kinlytic® urokinase to market. Following a satisfactory consultation with the U.S. Food and Drug Administration (FDA) that reconfirmed and built upon prior regulatory guidance, MBX received its second milestone payment of a further US\$2.0m.
- **Accounting:** All the second US\$2.0m was recorded as revenue and the US\$1.0m deferred revenue was also recognized as revenue (being a reversal from deferred revenue) resulting in US\$3.0m of progress payments recorded in FQ1/25.
- **Final US\$1.0m.** Hence, MBX has now received US\$4.0m of US\$5.0m in pre-commercialization milestone payments. The final US\$1.0m is due upon approval of the sBLA³, expected sometime in 2027. There are additional revenue-based royalties due upon commercialization.
- **14/3/24:** Sequel Pharma, LLC executed, with support from Microbix, signed an agreement with a leading international contract development and manufacturing organization (CDMO) for production of Kinlytic® urokinase.
- **14/8/24:** On the FQ1/26 conference call, management provided the following updates:
 - MBX has a Contract Development and Manufacturing Organization (CDMO⁴) working on upgrading the drug substance, the purified urokinase protein for regulatory filings, and those

³ **sBLA:** A Biologics License Application (BLA) is a request for permission to introduce, or deliver for introduction, a biologic product into US interstate commerce. A BLA includes Applicant information, Product/Manufacturing information, Pre-clinical studies, Clinical studies and Labeling. The supplemental BLA (sBLA) means the equivalent successor filing with the FDA, and any supplements or amendments to the original filing.

⁴ A contract development and manufacturing organization, or **CDMO**, provides end-to-end, fully integrated drug development and manufacturing solutions and services to biotechnology and pharmaceutical companies.

studies are going exceptionally well. Kinlytic™ urokinase will be provided in a vial which will be used on patients. These negotiations are going very well.

- MBX and Sequel are in the process of engaging with a second contract drug manufacturing organization (CDMO). This CDMO will provide services for production of formulated drug product.
- Timelines are unchanged from the last time MBX provided an update (Figure 20).
- **19/12/24:** On the MBX FQ1/26 conference call, management stated that:
 - **Ken Hughes:** “Kinlytic is also going extremely well.....I was in a great meeting with them (CDMO) this morning and all I can say is the stated timeline for 2027 is unchanged and if anything, it's derisked, moving forward at a pace and everything is going extremely well...(there is) no desire to stop after Kinlytic clearance in the North American market...(there is) Kinlytic clearance in Europe⁵and then there's the bigger indication, which are bigger markets for indications related to pulmonary embolism like, [prophylateral] occlusive disease, stroke, even cancer indications associated with this product and there's every intention to pursue all of these opportunities going forward.”
 - **Cameron Groome:** “Kinlytic will kick in, we believe, quite dramatically towards the end of calendar 2027.”
- **13/2/25:** On the MBX FQ1/26 conference call, management stated that:
 - **Camron Groome:** “our Kinlytic, biologic therapeutics program is progressing extremely well”.
 - **Ken Hughes:** “...the relationship with Sequel is fine, everything is on schedule, there's no change to the timeline. We're moving forward nicely with the international CDM, which is working on the drug substance, which is the purified product. Sequel has just, in collaboration with Microbix identified the CDMO, the contract manufacturer, who will fill the finished product and package it...we're already talking about the next indications, the next jurisdictions, looking at stroke, looking at heart attacks, and things of that nature. Pulmonary embolism and deep vein thrombosis, the bigger indications to drive this franchise to multibillion dollar opportunities...”
- **5/5/25:** MBX issued a PR stating that:
 - Sequel, its funding and commercialization partner, had executed an agreement with a leading international contract development and manufacturing organization (CDMO) for production of the formulated and packaged drug of Kinlytic® urokinase (“Kinlytic”), for dissolving blood clots.
- **15/5/25:** On the MBX FQ2/25 conference call, management stated that:
 - **Cameron Groome:** “Kinlytic® is moving forward as well... encourage everybody to review our news release from May 5th, which describes the latest progress and that's the second biggest contract in spend associated with the return of Kinlytic® to market”.
 - **Ken Hughes:** “...the relationship with both CDMOs continues to be very constructive, and on pace and on track.” As an FYI, Mr. Hughes also detailed the competitive advantage between high molecular weight and the MBX product, Urokinase, which is low molecular weight.
- **14/8/25:** On the MBX FQ3/25 conference call, management stated that:
 - **Ken Hughes:** “... we continue to move forward at the pace described. Work is ongoing. Our relationship with Sequel is excellent. The contract manufacturing organizations for the drug substance, the active pharmaceutical ingredient... and the drug product, the filled and finished product are underway. “

⁵ Kinlytic® urokinase is currently not approved for Europe.

- **18/12/25:** On the MBX FQ4/25 conference call, management stated that:
 - **Cameron Groom:** “Kinlytic...continuing to advance towards the filing of a supplemental BLA with the United States Food and Drug Administration... And we'll hopefully have some update disclosures from that in the first half of this calendar year.”
 - **Ken Hughes:** “We're moving forward at a pace... currently scaling up processes with two separate CDMOs (contract manufacturing development and manufacturing organizations), one for drug substance, the active ingredient, one for drug product, which is the finished and filled and packaged product... we're expecting to be going back to the... FDA early in the new year, specifically to update them on the work we've done in bringing the process up to contemporary standards...they asked us to improve the processes. We have done that, and now we're implementing it at commercial scale along the timelines discussed. So, we talked about filings in...2027.”
- **12/2/26:** On the MBX FQ1/26 conference call, management stated that:
 - **Ken Hughes:** “...the relationship with Sequel and their financial backers remains very strong with frequent constructive meetings... Sequel and Microbix (met with) the US FDA ... feedback was ... they appreciated that we are updating production processes contemporary standards, looking to eliminate animal-based components and replace them with synthetic components...just carry on and continue to use the guidance they provided to us in our formal meeting in 2023.”

While Sequel is a private entity, and hence under no obligation to provide updates, management provides updates on the quarterly conference call but also expects to provide two to three event-driven updates about Kinlytic® urokinase each year.

Cash implications. The first US\$2.0m milestone payment comprised cash and was paid at the end of Q3/23 (albeit the accounting was split equally between revenues and deferred revenue). The second US\$2.0m payment (~\$2.7m) comprised cash and was paid in FQ1/26.

Write-back of the Kinlytic® urokinase intangible asset. In F2020, due to the lack of progress in finding a buyer/interested party in commercializing Kinlytic® urokinase, the Kinlytic® urokinase intangible asset was written off resulting in a \$3.1m impairment charge in that year. However, owing to the receipt of the first milestone payment, the former asset was now deemed to have value and was written back in FQ1/25 and had no cash or tax implications. As a result, the asset is now depreciated at \$75k/quarter.

Timelines

In Figure 20 we provide a list of timelines as they pertain to the Sequel agreement.

Figure 20: MBX/Sequel (anticipated) timelines.

Milestone	Timing	Comment/Financial impact
Entered into Sequel agreement	16/5/23*	Per press release
First milestone payment	June 2023	US\$2.0m split: US\$1.0m recognized as revenue and US\$1.0m recorded as deferred revenue
FDA consultation	October '23	
Second milestone payment	16/11/23*	US\$2.0m milestone payment received week of 16/11/23
Receipt of sBLA/third milestone payment	2027E	US\$1.0m. Management has reiterated that it expects sBLA approval in late calendar 2027
First revenues	2028E	Initial seeding of the market to commence '27E with ramp '28E
Ongoing revenue-based sales royalties	2028E+	We estimate a 10% of net sales royalty
\$30m sales-driven milestone payments	2029+	To be received based on pre-determined revenue targets

Source: Company reports; KRC Insights

*=refers to MBX press release

Kinlytic® urokinase asset ownership will transition to Sequel upon approval of the sBLA, hence the Kinlytic® urokinase asset and the sBLA will become the property of Sequel at that time. However, if at any time prior to the issue of the sBLA development of the Kinlytic® urokinase asset is terminated, ownership will remain with MBX.

Kinlytic® urokinase Asset Valuation

We currently apply a notional valuation of \$40 million for the Kinlytic® urokinase asset. The receipt of the second milestone payment and the progress made in its commercialization serve as validation of our existing approach to valuing the asset.

Upon the filing of the supplemental Biologics License Application (sBLA), we will transition from our current valuation methodology to one of the following approaches, understanding that there is a net impact which reflects the addition of the new methodology and the removal of the old:

- **\$1.30 per share** on a discounted cash flow (DCF) basis (\$1.07 net)
- **\$1.00 per share**, based on a 2033E after-tax earnings contribution of \$0.11 per share, discounted at 10% per annum (\$0.77 net).

Disclosure

- 2622632 Ontario Inc. is doing business as KRC Insights.
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