MICROBIX

2026

FIRST INTERIM REPORT

For the three months
ended December 31, 2025

Message to Shareholders

The first quarter of fiscal 2026 ended December 31, 2025 ("Q1") continued our recovery from externally-driven setbacks with two large clients in the second half of fiscal 2025. Q1 revenues came in at C$ 4.2 million – up 13% from the prior quarter but still down year-over-year and below our engineered breakeven point of approximately C$ 5.5 million in sales per quarter. Q1 thereby marks the start of a recovery year, during which we are budgeting for a controlled usage of cash reserves while we rebuild to a level of sales that will drive positive net earnings.

As expected, our level of Q1 sales resulted in a net loss of C$ 1.2 million, which was absorbed by our still sizeable cash reserves. While we expect further net losses across at least the next two quarters, our liquidity remains ample (Current Ratio of 7.51), while our financial leverage is modest (Debt-to-Equity Ratio of 0.38). Accordingly, we continue developing programs with existing clients and working to secure new clients – in order to regain profitability as soon as possible.

As client-specific issues and shipment dates cause short term volatility in revenues, it is easy to become distracted from Microbix's ongoing progress with our innovation capabilities, production efficiencies, and client relationships. I'll highlight our recent progress on such matters by way of proof.

During Q1, we were pleased to announce new QAPs-oriented relationships with two large test makers – With Sekisui for point-of-care tests in the U.S., and with Seegene for lab-based tests in Mexico. Each such client relationship helps build ongoing revenues from our supporting their QMS objectives.

Thus far in 2026, we have also disclosed further progress with our lab proficiency-testing clients (a.k.a., PT/EQA providers). This has come in the form of welcoming The College of American Pathologists as a new QAPs customer, and the presentation of results of Microbix QAPs for support of "molecular pathology" at the Nordic Labquality Days conference both in February. These two events are indicative of our growing thought-leadership for the quality management of diagnostics.

In turn, January also provided Microbix the opportunity to update about our early 2025 commitment to add recombinant (synthetic) capabilities to our longtime native (natural) antigen production. We were pleased to confirm successful commercialization of our first recombinant – SARS-CoV-2 capsid protein. This antigen will be used in Microbix QAPs to reduce cost of sales and secure our supply chain, while also being added to our catalogue for sales to test-makers.

As I stated in my Q4 CEO Letter, our fully-funded drug program, Kinlytic® urokinase, is also moving forward – toward turning a current US$ 500 million monopoly market into a duopoly, to remove supply-chain risk, relieve pricing pressure, and address unmet clinical needs. Microbix is working closely alongside its licensee partner, Sequel Pharma, to renew drug substance (DS) and drug product (DP) manufacturing and prepare for refiling with the U.S. FDA. We will continue to update shareholders as progress is made toward U.S. market reintroduction.

As you can see, our progress is clear and ongoing, driven by our skilled team of over 120 professionals who enable us to expand our product lines and build relationships with more leading participants in the global diagnostics sector. I believe we are increasing both our visibility and credibility, with a growing presence at major conferences and on social media. As an SME, it is difficult to maintain an outsized sales growth trajectory in volatile economic and political conditions, yet I believe we're doing so successfully.

For 2026, our goal is to recover above our breakeven point by fiscal yearend, which requires us to grow sales by approximately 30% from the low-point of Q3 of fiscal 2025. This is a challenging goal without assurance of success, but we believe it is achievable based on our current sales and client expectations. Beyond 2026, we'll keep driving for double-digit annual sales growth and toward re-launch of Kinlytic – to further add to sales, net earnings and cashflow.

Personally and on behalf of our team, I thank you for your continuing support and wish you all the best.

Cameron L. Groome
Chief Executive Officer and President

The Company's Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited Consolidated Financial Statements and notes for the year ended September 30, 2025, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and filed on SEDAR. Additional information relating to the Company, including its Annual Information Form ("AIF"), can be found on SEDAR at https://www.sedarplus.ca. Reference to "we", "us", "our", or the "Company" means Microbix Biosystems Inc. unless otherwise stated. All amounts are presented in Canadian dollars unless otherwise stated. Statements contained herein, which are not historical facts, are forward looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth or implied. These forward-looking statements include, without limitation, discussion of financial results or the outlook for the business, risks associated with its financial results and stability, its antigens, quality assessment products, and viral transport medium businesses, development projects such as those referenced herein, access to and sales to foreign jurisdictions, engineering and construction, production (including control over costs, quality, quantity and timeliness of delivery), foreign currency and exchange rates, maintaining adequate working capital and raising further capital on acceptable terms or at all, and other similar statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward looking information. All statements are made as of the date of this disclosure and represent the Company's judgment as of that date and the Company disclaims any intent or obligation to update such forward-looking statements except as required by applicable law.

The Management Discussion and Analysis dated February 10, 2026.

COMPANY OVERVIEW

Microbix Biosystems Inc. (Microbix® or the Company) (TSX: MBX, OTCQX: MBXBF) is an award-winning life sciences innovator, manufacturer, and exporter making critical biological ingredients that enable the production of clinical diagnostics (referred to as antigens), creating and manufacturing medical devices, including quality assessment products that help ensure test accuracy (also known as QAPs™) or assist in test development or manufacturing (QUANTDx™), testing-related reagents such as viral transport medium for enabling the collection of patient samples to test for pathogens (branded as DxTM™) and buffer solution to elute test-control materials (branded as CEB™), and, through partnership funding, is redeveloping a clinically-important biological drug (Kinlytic® urokinase).

In the context of Microbix's business, antigens are purified and inactivated bacteria, viruses, or their components which are used in the immunoassay format of medical tests to assess exposure to, or immunity from, those pathogens. QAPs are inactivated and stabilized samples of a pathogen or an analogue to a pathogen, that are created to closely resemble patient samples in order to support one or more of (i) the proficiency testing of clinical labs (usually unbranded "white label"), (ii) incorporated into kits of test consumables by multinational diagnostics companies (usually unbranded "white label"), (iii) test development, instrument validation and technician training (often individually branded as PROCEEDx® within branded ONBOARDx™ kits), or (iv) the quality management of patient test-workflows by clinical laboratories (branded as REDx®). QUANTDx is a product line similar to QAPs for which copy-numbers of organisms or their nucleic acids are provided and is used to assist with test development by finding

COMPANY OVERVIEW (Continued)

limits-of-detection or with manufacturing by confirming test performance. Microbix's antigens, QAPs, or QUANTDx, are sold to more than 100 customers worldwide, primarily to multinational diagnostics companies and laboratory accreditation organizations.

Initial sales of DxTM were recorded in February 2021 and continued through fiscal 2022 to agents of the Province of Ontario for pandemic-related testing. Sales of DxTM have since stopped as those agents have resumed 100% importation to satisfy domestic needs for this critical product. In consequence, Microbix has begun to secure orders of CEB from customers in private industry, with the first such sales generated in the quarter ended March 31, 2024 and that have since continued at a more modest level than prior DxTM sales.

Microbix also applies its biological expertise and infrastructure to develop other proprietary products and technologies, most notably Kinlytic® urokinase (Kinlytic), a biologic 'thrombolytic' drug used to safely and effectively dissolve blood clots. An agreement to provide funding for the return of Kinlytic to the United States market was signed in May, 2023. The provision of the estimated C$ 50 million of funding needed to relaunch Kinlytic was dependent on reconfirming prior United States FDA guidance received in 2017. Positive new guidance was received from the FDA in fall of 2023 and Microbix's agreement partner, Sequel Pharma, LLC and its financial backers in turn confirmed their satisfaction by providing their go-ahead notice and a tied milestone payment of US$ 2.0 million received by Microbix on November 15, 2023. With that payment, Microbix has thus far received a total of US$ 4.0 million from Sequel, and expects to receive further milestone and royalty payments following the parties' submission of a supplemental Biologics Licensing Application (sBLA) and re-approval by FDA in approximately two to three years' time.

The COVID-19 pandemic and its health, economic, and societal impacts affected all industries, including medical diagnostics. Government and public use of, funding for, and views about, infectious disease diagnostic testing changed as a result of the pandemic and such changes continue to impact Microbix's business and those of its customers. It remains challenging to foresee and adapt to such changes. For example, from early fiscal 2020, sales of antigens were reduced due to fewer patients seeking or receiving care in relation to diseases other than COVID-19. As of the end of calendar 2022, Microbix began to see antigen demand recovering toward pre-COVID levels, and such demand then became intense. Microbix since expanded production capacity for multiple antigen products believing higher levels of demand would persist over the longer term. Investment in expanding antigen capacity was geared to satisfying immediate customer needs, while also improving process efficiency and gross margins to better capture potential growth from newer markets (such as China) and stave-off competition. QAPs and DxTM likewise continue to be affected, with both positive and negative impacts.

From 2023 through 2025, Management believes COVID has transitioned from pandemic to endemic, leading revenue from the antigens and QAPs business (Antigens & QAPs) to resume more normalized growth conditions.

Beyond 2025, Antigen sales growth may again be largely driven by certain public health tests becoming more widely used in the Asia Pacific region. However, Asia-related sales have been volatile, increasing rapidly across 2024 due to increased testing for bacterial pneumoniae before abruptly falling-off in spring of 2025 – reportedly following fewer such infections across the latest Chinese New Year holidays and changes to national reimbursement policies.

In turn, QAPs sales growth are expected to be driven by several factors, namely (i) Microbix's creation of new value-added and proprietary products for test-makers and clinical laboratories, (ii) by increasing American, European and international quality-management regulation of clinical laboratories (e.g., the U.S. VALID Act and EU IVDR regulations), and (iii) by increasing adoption of molecular testing (e.g., "PCR") by laboratories and at the point-of-care.

QUANTDx is a newer product line that was introduced in July 2025. It is currently being socialized with prospective customers and initial sales were realized in fiscal 2025. Microbix intends for this product line to generate ongoing sales across fiscal 2026, with unit sales being considerably lower than QAPs but at a much hugher per-unit price point.

COMPANY OVERVIEW (Continued)

For DxTM, production remains largely paused, principally due to ongoing issues with the overall procurement processes of the Province of Ontario, which had been Microbix's major client for that product. Currently, Microbix has little expectation that sales of DxTM for Ontario will resume and is retasking this capacity to providing custom reagents to its test-maker customers, with such sales having already begun. Specifically, Microbix has begun sales of its DxTM formulation as a "control elution buffer" (hence the "CEB" brand name) for use when paired with its QAPs and ONBOARDx™ brand instrument validation and technician training kits.

The sales resulting from antigens, QAPs, QUANTDx, CEB, or DxTM are targeted to provide free cash flow to cover operating and debt service costs, and funding for new business initiatives that leverage Microbix's expertise in the medical diagnostics field and adjacent areas such as cell-culture derived products like Kinlytic.

Microbix owns and operates a biologicals manufacturing facility at 265 Watline Avenue in Mississauga, Ontario. For that facility and its overall campus of three buildings, Microbix has a Pathogen and Toxin License issued by the Public Health Agency of Canada. The Company's administrative offices, along with further company-created production and lab spaces, are in a leased building located at 235 Watline Avenue, Mississauga, Ontario. A third adjacent site at 275 Watline Avenue was leased as of July, 2021 and and has since been renovated to support production of DxTM or other reagents, and to add product development and quality-control laboratory spaces, workstations, and warehousing. Microbix is ISO 9001 & 13485 accredited, FDA & Health Canada establishment licensed, Australian TGA registered, and provides IVDR-compliant CE marked products.

This MD&A refers to certain performance indicators, including gross profit margin, that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes that these measures are useful to most shareholders, creditors, and other stakeholders in analyzing the Company's operating results, and can highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in their evaluations of issuers.

Gross profit margin percentage

Gross profit margin percentage represents the percentage of total revenue in excess of costs of goods sold and is an indicator of the Company's profitability on sales before operating expenses not directly related to production. This is calculated by dividing gross profit by revenue.

FINANCIAL OVERVIEW

Quarter ending December 31, 2025 ("Q1")

Q1 revenue was $4,218,909, a 30% decrease from Q1 2025 revenues of $6,044,002. Included were antigen revenues of $2,174,357 (2024 - $4,266,758), which were down 49% from last year. This decrease was a result of significantly lower sales to the distributor in China (over $2 million lower sales in the quarter vs. prior year). Sales to other antigen customers were up 5% compared to the prior year period. QAPs revenues of $1,876,276 were up 15% from Q1 2024 (2024 - $ 1,626,980), primarily due to sales of REDx and PROCEEDx branded products being more than double during the quarter versus Q1 2025. Revenue from royalties were $168,276 (2024 - $ 150,263). In summary, our Q1 sales decline was driven by a significant decrease in sales to China, offset somewhat by increased sales for QAPs (inclusive of QUANTDx & reagents).

Q1 gross margin percentage was 41%, down from 62% in 2024, primarily due to decreased product sales which resulted in fixed manufacturing costs needing to be absorbed across fewer units of production.

Operating expenses (including finance expenses) in Q1 were relatively flat compared to Q1 2025, principally due to increased net financing costs versus prior year, due to lower interest income as a result of lower interest rates on decreased short-term investments.

Canadian Funds

FINANCIAL OVERVIEW (Continued)

Overall, weaker Q1 revenues and decreased margins led to an operating loss of $1,167,177, and a net loss of $1,167,177 versus a Q1 2025 operating income and net income of $856,962. Cash used in operating activities was $2,602,403, compared to cash provided by operating activities of $792,702 in 2024. Much of the cash used in operating activities during the quarter was consumed by increasing accounts receivable, which grew by $2,373,886 since September 30, 2025, and stood at $3,984,395 as at December 31, 2025. At the end of Q1, Microbix's current ratio (current assets divided by current liabilities) was 7.51 and its debt-to-equity ratio (total debt over shareholders' equity) was 0.38.

Financial Highlights

As at and for the quarter ended	December 31, 2025	December 31, 2024
Total Revenue	$ 4,218,909	$ 6,044,002
Gross Margin	1,733,467	3,752,680
S,G&A Expenses	2,125,595	2,076,116
R&D Expense	557,066	599,602
Foreign Exchange (Gain) Loss	37,787	106,871
Financial Expenses	180,196	113,129
Operating Income for the period	(1,167,177)	856,962
Net Income and Comprehensive Income for the period	(1,167,177)	856,962
EPS - Basic	$ (0.008)	$ 0.006
- Diluted	$ (0.008)	$ 0.006
Cash Provided (Used) by Operating Activities	(2,602,403)	792,702

	December 31, 2025	September 30, 2025
Cash	9,097,580	12,112,760
Accounts receivable	3,984,395	1,610,509
Total current assets	23,041,460	23,574,891
Total assets	36,590,575	37,409,933
Total current liabilities	3,067,347	2,778,953
Total liabilities	9,983,398	9,622,391
Total shareholders' equity	26,607,176	27,787,542
Current ratio	7.51	8.48
Debt to equity ratio	0.38	0.35

SELECTED QUARTERLY FINANCIAL INFORMATION

	Mar-31-24 $	Jun-30-24 $	Sep-30-24 $	Dec-31-24 $	Mar-31-25 $	Jun-30-25 $	Sep-30-25 $	Dec-31-25 $
Total Revenue	5,632,901	5,059,465	6,293,897	6,044,002	5,324,864	3,472,182	3,744,317	4,218,909
Net Income (Loss) and Comprehensive Income (Loss)	377,730	246,746	440,324	856,962	20,664	(1,642,776)	(1,480,662)	(1,167,177)
Operating Income (Loss) before reversal of impairment of intangible assets and Finance Expenses	459,056	165,314	710,778	970,091	178,626	(1,486,287)	(1,368,074)	(986,981)

OUTLOOK

Microbix's business was started over 40 years ago by our founder, William J. Gastle, a skilled virologist, who retired in September, 2020 and passed away in September, 2023 (we miss you Bill). The first products were types of the growth media used in cell-culturing, which were sold to public health laboratories and research-oriented customers across Ontario. This was followed by such regional health lab customers asking Microbix to do some of their work upon bacteriological, mammalian cellular, and viral culturing. In due course, international manufacturers of diagnostic tests learned of Microbix's abilities and approached the company to grow such organisms on an industrial scale, then purify and inactivate them to become "antigens" – the biological ingredients at the heart of "immunoassay" tests used to diagnose infection with, exposure to, or immunity from, bacteria and viruses. That test-ingredients business remained Microbix's only major source of revenues for many years, and underpins its deep expertise in matters relating to infectious disease diagnostics. During those years, Microbix sought to branch out into other areas of healthcare, such as into the production of biological therapeutics and vaccines. The company did not succeed with such endeavors. Although it had much of the expertise required for such initiatives, it could not gain access to the large sums of capital required to bring those projects to fruition.

That being recounted, one development asset from that era remains in the Microbix portfolio, a well-validated biological "clot-buster" drug called Kinlytic® urokinase ("Kinlytic"). Kinlytic had been written-off as an asset in September, 2020, as the pandemic made it difficult to predict whether or when an alliance to fund its return to market could be completed. As the pandemic subsequently ebbed, Kinlytic took a big step toward generating meaningful revenues by way of the partnering Agreement with a better-funded entity, Sequel Pharma, LLC, that was signed in May, 2023. Since that time, Microbix has received a total of US$ 4.0 million in milestone payments from Sequel, which is now fully-funding Kinlytic's return to clinical usage – initially into the United States for the sub-indication of venous catheter clearance which is reasonably estimated to be a market of US$ 400 million or more (Sources: IQVIA Holdings, Inc. reports, Sequel & Microbix market research).

Kinlytic has a 30-year history of safe and effective clinical usage, having successfully resolved blood clots in venous catheters or in blood vessels for millions of patients. As a point of fact, it was FDA and Health Canada approved for venous catheter usage and the treatment of pulmonary emboli and was considered the standard-of-care for those clinical needs until it became unavailable in 2008 due to the lack of a manufacturing facility. Microbix and Sequel are now working to make Kinlytic available again by way of commissioning and validating (i) a new manufacturing site and its use of updated methods for "drug substance," and (ii) new "drug product" formulation, vial filling, lyophilization (a.k.a., freeze-drying), capping, and labeling. Such work is ongoing, and it is intended that Sequel will attain the position to file a supplemental Biologics Licensing Application (sBLA) sometime in calendar 2027, with the objective of regaining market access via an FDA re-approval in late 2027 or 2028. Should re-approval for the initial catheter clearance indication be obtained, Microbix believes that Sequel will subsequently pursue further approvals for new geographic markets, prior clinical indications (e.g., pulmonary emboli), and new clinical indications (e.g., ischemic stroke). While Microbix and Sequel are optimistic that they will secure renewed market access for Kinlytic, there are no assurances that they will be successful in achieving this objective in a timely manner or at all, or that the product will be commercially successful if re-launched.

Microbix recognized a US$1.0 million payment as revenue in Q3 of fiscal 2023, recognized a further US$ 3.0 million of revenues in Q1 of fiscal 2024, and under the terms of its Agreement with Sequel, will be contractually eligible for over US$ 30 million of further one-time milestone payments and ongoing sales-driven royalty payments upon re-approval of Kinlytic for clinical use in the United States. In consequence, Microbix reversed the prior impairment of Kinlytic, restoring its prior cost-based intangible value of C$ 3.1 million in Q4 of fiscal 2023 and since being amortized.

Microbix's antigen test-ingredients business was 90% or more of sales for many years. Over the past eight years however, Microbix has sought to more broadly employ its deep diagnostics industry expertise and thereby incrementally build its revenues. This effort has largely succeeded, with test-ingredients comprising only 58% of Microbix's sales in fiscal 2023, 54% in fiscal 2024, and 67% in fiscal 2025 – due to its creating and growing other revenue streams. While test ingredients sales had resumed a growth trajectory through Q2 fiscal

OUTLOOK (Continued)

2025, their proportion of overall company revenues is expected to continue to decline over time – as a result of faster-growing sales of other product categories, such as QAPs, and targeted milestones and royalties derived from Kinlytic.

Most notably, Microbix has been successfully transformed from being a manufacturer of less-regulated test-ingredients, into the producer of a catalogue of clinically important and fully-regulated medical devices relating to infectious-disease diagnostic tests. The Company has thereby created new opportunities for both increasing sales and expanding gross margins. Specifically, Microbix medical devices products are innovative, proprietary, and branded – permitting access to new markets and customers at better margins than are usual for test-ingredients. Successfully upgrading to the ISO 13485 medical devices quality standard, obtaining a Health Canada Medical Devices Establishment License, attaining EU "IVDR" accreditation, and securing other necessary qualifications to be able to sell into the EU, US, and other markets remains integral to those goals.

In medical devices, the first category of Microbix products are its diagnostic-test quality assessment products, which are branded as "QAPs™" and colloquially known as test-controls. The QAPs business started with providing such mimetics of positive patient-samples to enable assessment of the proficiency of clinical laboratories by industry accreditation agencies. Sales of Microbix QAPs were largely limited to that customer base and had come to exceed C$ 1.0 million per year (i.e., about 10% of sales) when the COVID-19 pandemic began in early 2020 (the "Pandemic").

While respiratory virus tests were not the principal focus of QAPs at that time, Microbix suspected the Pandemic in January of that year and validated its first COVID-related product by the end of March, 2020. Microbix has since supported governments and industry with many QAPs products related to testing for respiratory pathogens – to lab accreditation agencies, international test-makers, governments and hospitals, clinical labs, and many workplaces and schools. Respiratory disease has become an important portion of QAPs sales, but the Microbix portfolio has been expanded to include QAPs for many bacteria, viruses, and parasites that can cause acute sickness, chronic disease, and even cancers. Collectively, QAPs comprised 34% of product sales in fiscal 2023, 33% in fiscal 2024, and 30% in fiscal 2025. Microbix expects this segment, inclusive of QUANTDx, to be its fastest-growing revenue source through fiscal 2027, having already grown sales of QAPs to $7.0 million in fiscal 2024 from approximately $1.0 million in fiscal 2019 for a five-year compound annual growth rate of 48%.

As the Pandemic emerged, Microbix was also quick to recognize the fragility of supply-chains for testing-related medical supplies. This alertness extended to noting pending shortages of viral transport medium ("VTM"), a medical device that is essential for stabilizing collected patient-samples in order that they remain intact while transported to, and until processed at, the central laboratories conducting most PCR-based tests. Having decades of expertise in producing complex cell-culturing media at scale, Microbix volunteered to begin domestic production of VTM for the province of Ontario. With the assistance of grants from the Ontario Together Fund (OTF) of the Ontario Ministry of Economic Development, Job Creation, and Trade (MEDJCT), Microbix created a VTM formulation to meet the exacting requirements of Public Health Ontario, perfected its methods, scaled its production, and became the only fully-regulated and validated local supplier to the Province.

Sales of Microbix's "DxTM™" brand VTM began in fiscal 2021 and comprised 26% of Microbix's revenues in fiscal 2022. However, production and sales of DxTM for Ontario has since been paused. Since December 2022, the procurement authorities of the Province of Ontario have returned to purchasing imported VTM to satisfy 100% of domestic testing needs, a practice that seems at odds with political leaders' stated objectives of ensuring security of supply and encouraging domestic manufacturing. As a result, it is unclear if or when sales of DxTM will resume or the extent to which Microbix may be called to supply the needs of the Province of Ontario. In consequence, the equipment purchased for DxTM production, much of which was acquired with direct encouragement and funding from government, is being redeployed for manufacture of reagents such as CEB for other, non-governmental, customers based outside of Canada.

OUTLOOK (Continued)

Looking ahead, Microbix believes it has opportunities to continue growing its sales to the global diagnostics and clinical laboratory industries. Most notable among its business segments is QAPs, for which it has identified the Point-of-Care-Testing ("PoCT") manufacturing companies as among its most promising customers. While PoCT has been a promised innovation for many years, the Pandemic resulted in major investments to roll-out sophisticated and high-quality testing beyond central-lab settings. Today, table-top sized and portable PCR-based or antigen-based PoCT instruments are coming into widespread usage in settings such as local clinics, long-term care homes, pharmacies, schools, and workplaces. However, such PoCTs often require accompanying test-controls to satisfy health regulators that errors relating to operators, consumables, or instruments will be quickly and reliably identified. Microbix QAPs are ideally-suited for that purpose, most notably when formatted onto the FLOQSwab™ flocked-swabs of Copan Italia S.p.A., made using Microbix's innovative techniques, and protected by the intellectual property of both firms.

One such POCT opportunity involves FLOQswab-based QAPs being incorporated into kits of PoCT cartridges at fixed ratios (e.g., 1 QAP per 10 to 25 PoCT tests) for use to help ensure test or test-workflow accuracy. With some major international test-makers having tens of thousands of instruments already placed with customers and their intending to sell millions of cartridges per month across multiple pathogen categories, it can be seen how revenues might build for Microbix in this industry area. A first such alliance was announced by Microbix in August, 2022 and more such customers are being sought among those firms with a substantial installed-base of instruments or the intent to build a large installed-base. Meaningful revenues are being sought as such multinational test-makers wend their way through the needed design optimizations, regulatory approvals, and marketing launches for instruments and kits of their test cartridges that include Microbix QAPs. Further QAPs alliances continue to be developed by Microbix with the goal of their being formalized and disclosed in due course. Other confidential business arrangements continue to likewise progress, including projects that are expanding Microbix's activities into new diagnostics sectors, such as genetics and oncology testing as respectively disclosed by new releases across both 2024 and 2025.

Microbix is also enhancing infrastructure to support its growth objectives and expectations. Such enhancements include investments into people, equipment, and systems. Concerning people, the Company continues to work to retain our current great team, while adding new members with further skills and capabilities. For equipment, Microbix is investing to improve reliability, enhance capacity, and remove drudgery. With systems, the Company has made and continues to make material investments into cutting-edge synthetic biology, modernized and scalable Enterprise Resource Planning (ERP) software, alongside moving to a paperless Quality Management System (eQMS) – each of which are essential for Microbix continuing to grow the business. In the immediate term such investments tend to compress margins, but Management is convinced of their mid- and long-term benefits.

We thereby come to Microbix today and tomorrow. Already, a Company that has attained annual revenues of more than C$ 25 million for our fiscal 2024, before experiencing a break-of-trend setback in revenues to C$ 18.6 million in fiscal 2025 believed due to (i) lower incidence of pneumonia in China during the winter of 2024/25, and (ii) an international diagnostics company terminating a PoCT instrument and assays program that Microbix was supporting. While unfortunate and not related to Microbix's manufacturing or selling performance, reduced revenues from that set of customers led to reduced revenues for the second half of fiscal 2025 and reduced year-over-year sales for the full year of fiscal 2025. Accordingly, fiscal 2025 results were below objectives for the year, which had been to maintain product sales growth of 20% or more and realize positive net earnings. Looking into fiscal 2026, Microbix intends to recover its revenues from the low-point of Q3 of fiscal 2025 and work to get back on track toward its goal of growing sales by a double-digit percentage each fiscal year, regain profitability, and thereby ultimately growing its business to multiples of current revenues. There can be no assurance that Microbix will succeed with such a goal.

It is Microbix's goal to increase its revenues via three routes, namely (i) to expand its addressable antigens market by adding the capability of recombinant (synthetic) production as first disclosed in January, 2025 and updated in January, 2026, (ii) continuing to build sales of its QAPs by adding SKUs, customers, and diagnostics

OUTLOOK (Continued)

categories (as evidenced by informational news release disclosures of new products, customer relationships, and customer programs), and (iii) generating milestone payments and royalties from Kinlytic as described earlier herein. To accomplish our revenue growth objectives, management believes Microbix has deep and broad capabilities relating to life sciences and a a strong financial position for a company of our size. We are likewise a fully-accredited medical devices firm poised to benefit from ongoing global innovations in medical diagnostics, via over 100 established international customer relationships. In summary, Management's financial goals are to achieve higher and more consistent sales volumes while expanding gross margins, thereby driving growth in net earnings, free cash flow, and the value of Microbix's common stock for the benefit of all shareholders. We are also pleased to be targeting financial success via improving healthcare outcomes around the world and with the goal of enhancing the prosperity of our home province of Ontario, Canada.

In accordance with regulatory guidance and to provide further information for investors, Microbix is providing greater detail in relation to prior disclosure of corporate goals – specifically to more precisely explain how Microbix might grow its revenues "to multiples of current levels," "within several years." In so doing, Microbix management cautions that any such goals are aspirational and that actual results may not in fact achieve company objectives in a timely manner or at all. With that caveat, Microbix is disclosing further detail about its goals over the three years comprising fiscal 2026, 2027, and 2028, which are as follows:

Fiscal 2026 – To regain part or all the ground lost to the two client setbacks that occurred in the latter half of fiscal 2025, and attain full-year fiscal 2026 revenues in comparable to its full-year fiscal 2025 results. While revenues are expected to be relatively flat on a full-year basis, such a result would be the result of cumulative revenue growth across the four quarters of fiscal 2026 of approximately 30% from the quarterly low-point of Q3 fiscal 2025 (i.e., fiscal 2026 revenues targeting approximately $ 18.6 million, that being equal to full-year fiscal 2025 and approximately 30% greater than simply multiplying Q3 fiscal 2025 low-point revenues of $ 3.5 million by four times). This quantum of revenues and growth is currently believed to be obtainable from existing clients and known client projects, as reviewed in detail by management and the board of directors pursuant to Microbix's annual budgeting-setting process that was most recently completed in November 2025. The Q1 results reported herein are on-track with fiscal 2026 budget goals and Management will update this outlook across fiscal 2026 in its continuous disclosure filings of quarterly results.[1]

Fiscal 2027 – To increase revenues materially beyond those of fiscal 2026, from new customers and customer programs relating to QAPs and QUANTDx. Microbix is now working to secure sales of new products or programs with no less than seven multinational diagnostics manufacturers, while also driving to increase its sales to laboratory accreditation agencies and clinical laboratories. If it is successful in this work, significant growth in revenues from product sales seems likely – principally in Microbix's core area of QAPs that support testing for infectious diseases, a market currently estimated at US$ 20 to 25 billion per year (Sources: Kalorama & Mnmreports). It is thereby Microbix's objective to achieve year-over year sales growth of 20% or more from new products and programs supporting assays for diagnosing infectious diseases, based upon known client programs progressing on their intended timelines and achieving commercial success. Continuous disclosure updates will be provided if, as, and when, such new business opportunities are secured and advance, as was done for eight such programs across calendar 2025 by way of informational news release disclosures.[1,2]

Fiscal 2028 – To continue growth in QAPs and QUANTDx sales to multinational diagnostics manufacturers, laboratory accreditation agencies and clinical labs – in Microbix's core area of infectious diseases and with a growing presence in both cancer tests (e.g., per Microbix news releases of March 11, 2024, October 7, 2024, & September 23, 2025) and genetic tests (e.g., per Microbix news releases of December 10, 2024 & September 23, 2025). Again, Microbix's objective is to grow diagnostics-oriented revenues by a targeted 20% or more each year. Additionally, Microbix may realize milestones and royalties from Kinlytic, which may re-enter clinical usage for catheter-clearance in this fiscal year (2028). To illustrate its potential impact to Microbix, if Kinlytic were to capture approximately one-third of the U.S. catheter-clearance

OUTLOOK (Continued)

market in fiscal 2028, Microbix's combined milestone payments (non-recurring) and royalty revenues (recurring) could reach US$ 31 million, supplementing its financial measures such as available gross margin, net earnings and cashflow. While there can be no assurances Microbix's goals relating to its diagnostics-related or therapeutics endeavors will be successful, Microbix believes their individual and combined prospects are positive and sufficient to support the magnitude of growth in revenue goals stated in prior disclosures. Again, continuous disclosure updates will be provided to update shareholders about the extent to which Microbix's goals are succeeding or failing. [1,2,3]

Summary of Material Factors & Assumptions relating to deemed forward-looking information (FLI)

1 – That no material changes occur in relation to (i) the terms of international trade between Canada and its major markets, (ii) existing or planned programs involving our products, and (iii) risk factors such as those disclosed herein.
2 – That Microbix is successful in (i) developing new products within its QAPs and QUANTDx portfolios, (ii) capturing new business from infectious disease testing clients, and (iii) that current industry trends are not disrupted.
3 – That Microbix is successful in (i) retaining and expanding its presence in infectious diseases, (ii) developing new products be-yond the infectious diseases test category, and (iii) advancing Kinlytic to renewed U.S. market access.

The broader set of risk factors described later herein, individually or in combination, could cause results to differ from management's current goals or expectations, which would then be updated via Microbix's future continuous disclosure filings as required by applicable law.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred historical losses resulting in an accumulated deficit of $36,804,224 as at December 31, 2025. Management continuously monitors the financial position of the Company with respect to working capital needs, as well as long-term capital requirements compared to the annual operating budget. Variances are highlighted and actions are taken to ensure the Company is appropriately capitalized.

Future Liquidity and Capital Needs

The Company primarily funds new product development activities and capital expenditures from profits earned by its business and, periodically from additional equity and/or debt.

Over the course of fiscal 2025, a portion of working capital was employed on the completion of new R&D and QC labs and equipment, capacity expansions, and process optimizations – of which approximately $0.8 million was capitalized. A further $1.7 million was employed to repurchase and cancel common shares, to offset options dilution and somewhat stabilize trading in Microbix shares within volatile equity capital markets. Such investments were readily supported by our operations and Microbix continues to be in a strong liquidity position as at December 31, 2025 – with a current ratio of 7.51.

Moving across fiscal 2026, Management is targeting to improve cashflow via: 1) growing overall product sales, 2) improving product pricing or other sales terms, 3) selling more higher percentage gross margin products, and 4) optimizing manufacturing processes, and 5) other business development and financial initiatives. Management aims for these factors to improve the overall liquidity position, as the Company's plans come to fruition.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES (Continued)

***Future Liquidity and Capital Needs* (Continued)**

On July 29, 2019, the Company signed an agreement with Federal Economic Development Agency for Southern Ontario to provide a repayable government contribution where the Federal Development Agency 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 submitted 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 and pushing out the start of repayment of all contributions until April 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.

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 and a review of Eligible Project Expenditures incurred during the project, up to February 28, 2022. During the year ended December 31, 2021 the Company recognized $717,587 (2020 - nil) of grant income. The company also recorded a $680,202 reduction in capital asset costs.

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 was 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 thereby supported 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. The remaining $336,000 of the grant was received during Q4 2025, upon project completion.

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. market that is funded by a leading U.S.-based private equity firm. The Agreement provides for Sequel to fund and undertake the necessary work to return Kinlytic® to the U.S. for the clinical indication of clearance of blood clots from venous catheters, which according to third-party industry market research is currently a US$ 400 million per year market that is a monopoly. Long-term venous catheters are used to administer pharmaceuticals, nutrition, or dialysis, often needing to remain in place for extended periods. About 25% of such catheters become blocked with blood clots and, if not cleared, can interrupt needed treatments and thereby require costly surgical replacement and potentially cause morbidities.

On May 16, 2023, Microbix received an upfront payment of US$ 2.0 million under the Agreement, of which half was taken into revenues at the time and half deferred pending updated guidance from the U.S. FDA. Confirmatory guidance was received from U.S. FDA in fall of 2023. Consequently, in November 2023, Microbix received confirmation of full project funding from Sequel, recognized the second half of its initial payment from Sequel (i.e., US$ 1.0 million) and received the next milestone payment of US$ 2.0 million which was entirely recognized as revenue.

During Q3 2024, Microbix paid down 15% of the outstanding balance of the remaining loan from BDC, reducing our debt by $229,185. On March 24, 2025 the Company made a further repayment of $1,150,000.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES (Continued)

***Future Liquidity and Capital Needs* (Continued)**

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 4.45%). 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.

Microbix will continue to monitor and manage its cash position, with the objective of anticipating and meeting all current and future liquidity and capital needs.

Outstanding Share Capital

Share capital issued and outstanding as at December 31, 2025 was $50,178,822 for 138,806,328 common shares and September 30, 2025 was $50,431,600 for 139,512,478 common shares. As at February 10, 2026, the Company had 138,553,368 outstanding common shares. The Company continues to repurchase shares through our NCIB, as outlined in the section below.

Normal Course Issuer Bid ("NCIB")

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 enabled 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.

On December 8, 2023 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 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.

On December 9, 2024 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 December 5, 2024, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During fiscal 2025, 4,862,731 shares were repurchased at a cost of $1,797,190 and 4,739,972 shares were cancelled.

On December 9, 2025 the Company initiated a further 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 4, 2025, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During the quarter, 699,277 shares were repurchased at a cost of $173,179. As at December 31, 2025, 252,960 repurchased shares were in treasury, awaiting cancellation.

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 five key management executive officers. Compensation for the Company's key management personnel was as follows:

	Three months ended December 31, 2025	Three months ended December 31, 20254
Short-term wages, bonuses and benefits	$ 380,230	$ 369,537
Share based payments	103,371	114,779
Total key management compensation	$ 483,601	$ 484,316

Other Related Party Transactions

During the quarter the Company expensed $18,250 related to consulting services provided by Syntax Strategic Inc. (a company owned by one of Microbix' directors), for government relations initiatives. The Company pays $6,250 per month to Syntax Strategic on a month-to-month agreement.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

TREND INFORMATION

Historical spending patterns are no indication of future expenditures. Investment in the new products and technologies is at the discretion of management and the board of directors. The Company is not aware of any material trends related to its business that have not been discussed in this Management Discussion and Analysis dated December 31, 2025.

RISKS AND UNCERTAINTIES

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, including through the use of financial instruments where appropriate. Further discussion of the management of such risks is included in note 21 to the audited consolidated financial statements for the year ended September 30, 2025.

The Company is exposed to business risks, both known and unknown, which may or may not affect its operations. Management works continuously to mitigate unacceptable risk, while still allowing the business to grow and prosper. These risk factors include the following:

A significant portion of Product sales are dependent on key clients, open borders, international transportation systems, and access to raw materials.

A significant share of the Company's product sales are sold to a few key customers globally. These products contributed a significant share of the revenues. The loss of a key customer, or restrictions on export, import, or international transportation of its products, raw materials or insufficient marketing resources, can materially impact revenue and profitability, as well as the value of inventories and other assets. Microbix is also closely monitoring threats of tariffs being imposed on Canadian goods sold into the United States from the U.S. Federal Government (i.e., the Trump Administration). Microbix believes that such tariffs could be disruptive to many Canadian companies but that the technical and regulated nature of its work should largely protect its sales, unless such tariffs are imposed at a high level and for a protracted time. Currently, Microbix believes that its product sales to the United States are exempt from tariffs due to their being compliant with the current trade agreement between Canada, Mexico, and the United States (i.e., the CUSMA/USMCA).

Environmental, safety and other regulatory

Microbix' research and manufacturing operations involve potentially hazardous materials. The Company takes extensive precautions to appropriately manage these materials as regulated by the applicable environmental and safety authorities. Changes in environmental and safety legislation may limit the Company's activities or increase costs. An environmental accident could adversely impact its operations. Microbix' antigen products are considered a production ingredient and not directly regulated by governments in Canada or other jurisdictions. Commercialization of certain quality assessment products require approval of regulatory agencies such as the FDA, in which case Microbix will not receive revenue until regulatory approval is obtained.

Quality Assessment Products in development

The Company has multiple quality assessment products under development, with the goal of building its sales of this category of product. There is no assurance that these development activities will result in the completion of new commercial products. If the Company is unable to develop and commercialize products, it will be unable to recover its related product development investments.

Viral Transport Medium Products (DxTM)

Microbix's DxTM is principally reliant upon sales to designates of the Government of Ontario. There is no assurance that sales to such designates will resume or that other customers of similar revenue potential will be secured.

Product commercialization requires strategic relationships

To commercialize large market products in development, Microbix may need to establish strategic partnerships, joint ventures or licensing relationships with other organizations in academia, biotechnology, diagnostics, or pharmaceuticals (among other fields). It is possible the Company may be unable to negotiate mutually acceptable terms with such organizations.

RISKS AND UNCERTAINTIES (Continued)

Operating and capital requirements

Microbix seeks to earn a profit on the sale of its Antigens, QAPs/QUANTDx and reagent products, which is a major source of funding for its new product oriented research and development activities. The Company believes that cash generated from operations is sufficient to meet normal operating and capital requirements. However, the Company may need to raise additional funds, from time to time for several reasons including, to expand production capacity, to advance its current research and development programs, to support various collaboration initiatives with third parties, to underwrite the cost of filing, prosecuting and enforcing patents and other intellectual property rights, to invest in acquisitions, new technologies and new market developments. Additional financing may not be available, and even if available, may not be offered on acceptable terms.

Future success may depend on successfully commercializing new products or technologies

In the nearer term, Microbix must maintain and grow its existing product sales. To survive and prosper over the longer term, Microbix may need to commercialize new products or technologies. Such work is inherently uncertain and there is no guarantee that Microbix will be successful with its efforts.

Failure to obtain and protect intellectual property could adversely affect business

Microbix' future success depends, in part, on its ability to obtain patents, or licenses to patents, maintain trade secret protection and enforce its rights against others. The Company's intellectual property includes trade secrets and know-how that may not be protected by patents. There is no assurance that the Company will be able to protect its trade know-how. To help protect its intellectual property, the Company requires employees, consultants, advisors and collaborators to enter into confidentiality agreements. However, these agreements may not adequately protect trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Protection of intellectual property may also entail prosecuting claims against others who the Company believes are infringing its rights or securing its freedom to operate relative to the rights of other parties. Involvement in intellectual property litigation could result in significant costs, adversely affecting the development of products or sales of the challenged product, or intellectual property, and divert the efforts of its scientific and management personnel, whether or not such litigation is resolved in the Company's favour.

Microbix will continue to face significant competition

Competition from life sciences companies, and academic and research institutions is significant. Many competitors have substantially greater resources and may have greater general capabilities in the areas of scientific and product development, legal review, manufacturing, sales and marketing, and financial support than Microbix. While the Company continues to expand its technological, commercial, legal and financial capabilities in order to remain competitive, Microbix' competitors may also be making significant investments in all of these areas, which could make it more difficult for Microbix to commercialize its products and technologies. Additionally, the imposition of tariffs by the United States could make companies based in that country more competitive for products that are not technically differentiated.

Cybercrime and Cybersecurity

Companies of all sizes are becoming increasingly reliant on the use of computer hardware and software to remain competitive locally and internationally. This reliance in turn presents potential vulnerability to those systems being attacked by cybercriminals with such actions as denying access to systems via ransomware, theft and misuse of confidential data, and financial fraud such as theft of money or identity. Microbix is working to keep ahead of such risks but has been and may continue to be impacted by them. As a small to medium sized enterprise (an "SME") there are finite limits to the resources the company can deploy on cybersecurity, and specialized cybercriminal networks or state-level actors may have greater resources to attack than SMEs such as Microbix may have to expend on their defensive efforts.

RISKS AND UNCERTAINTIES (Continued)

Public Company Obligations

As a publicly listed corporate entity, the Company is subject to evolving rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators (CSA), and the TSX, which govern corporate governance and public disclosure regulations. These rules and regulations continue to expand and evolve in scope and complexity and are thereby creating many new requirements, which increase compliance costs and the risk of non-compliance. The Company's efforts to comply with these rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from financing, development, operations and, eventually, revenue-generating activities.

FINANCIAL RISK MANAGEMENT

The primary financial risks affecting the Company are summarized below and have not changed during the fiscal year. The list does not cover all risks, nor is there an assurance that the strategy of management to mitigate the risks is sufficient to eliminate the risk.

Credit risk:

The Company's cash is held in accounts at one of the major Canadian chartered banks or in short-term interest-bearing securities.

A further credit risk relates to accounts receivable. Typically, the outstanding accounts receivable balance is relatively concentrated with a few large customers representing the majority of the value. As at December 31, 2025, five customers accounted for 81% (December 31, 2024 - five customers accounted for 88%) of the outstanding accounts receivable balance. In addition, for the quarter ended December 31, 2025, five customers accounted for 78% (December 31, 2024 - five customers accounted for 84%) of sales. The Company has had minimal bad debts over the past several years and accordingly management has recorded an allowance of $35,000 (December 31, 2024 - $35,000).

Currency risk:

The Company is exposed to currency risk given its global customer base. Over 90% of its revenue is denominated in either U.S. dollars or Euros. The Company does not entirely hedge this currency risk via use of financial instruments. At December 31, 2025 and September 30, 2025, the significant balances, quoted in Canadian dollars, held in foreign currencies are:

	U.S. dollars		Euros	
	December 31 2025	September 30 2025	December 31 2025	September 30 2025
Cash	**$ 287,604**	$ 779,777	**$ 39,423**	$ 325,248
Accounts receivable	**$ 2,520,795**	$ 1,124,530	**$ 886,299**	$ 60,938
Accounts payable and accrued liabilities	**$ 83,722**	$ 55,475	**$ 9,269**	-

Based upon 2025 results, the impact of a 5% increase in the U.S. dollar against the Canadian dollar would result in an increase in annual U.S. dollar-based revenue of approximately $622,400 Cdn. The impact of a 5% increase in the Euro against the Canadian dollar would result in an increase in annual Euro based revenue of approximately $272,500 Cdn.

Correspondingly, the impact of a 5% decrease in the U.S. dollar against the Canadian dollar would result in a loss in annual U.S. dollar-based revenue of approximately $622,400 Cdn. The impact of a 5% decrease in the Euro against the Canadian dollar would result in a loss in annual Euro-based revenue of approximately $272,500 Cdn. Changes to exchange rates can impact financial results due to mark-to-market requirements on the value of foreign currency holdings.

Canadian Funds

FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk measures the Company's ability to meet its financial obligations when they fall due. To manage this situation, the Company projects and monitors its cash requirements to accommodate changes in liquidity needs. In addition, during fiscal 2017 the Company announced that it has arranged a secured revolving credit facility with The Toronto-Dominion Bank ("TD Bank") and Export Development Canada ("EDC"). The credit facility is being used to fund the Company's need for working capital to grow its existing business. When employed, this facility has helped to satisfy the Company's liquidity needs and to manage the liquidity risk.

Interest rate risk

Financial instruments that potentially subject the Company to interest rate risk include those assets and liabilities with a variable interest rate. Exposure to interest rate risk is primarily on the BDC debt that has a variable rate pegged to the bank rate. The rate can be fixed, if the outlook indicates interest rates will move higher. The only other variable debt the Company has is the $4,000,000 line of credit that bears interest at the bank's prime lending rate plus 1.4%. As at December 31, 2025 the Company has not drawn on this line of credit. A 1% increase in the bank rate would cost the Company approximately $540 per year for BDC, and about $40,000 on the line-of-credit usage if it were fully used throughout the fiscal year. However, this would be somewhat offset by increase interest income on our short-term investments.

Market risk

Market risk reflects changes in pricing for both Antigens & QAPs and raw materials based on supply and demand criteria; also market forces can affect foreign currency exchange rates as well as interest rates which could affect the Company's financial performance or the value of its financial instruments. Microbix products are valuable components in our customers' products and cannot be easily replaced. The Company works closely with customers to ensure its products meet their specific criteria.

Fair value

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 judgement 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. The convertible and non-convertible debenture fair values are not readily determinable as the convertible debentures have been issued to shareholders of the Company. 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The Company's audited consolidated financial statements are prepared in accordance with IFRS and the reporting currency is Canadian dollars. On an on-going basis, management bases its estimates on historical and other experience and assumptions, which it believes are reasonable in the circumstances. The significant accounting policies that the Company believes are the most critical in fully understanding and evaluating the reported financial results include:

Intangible Assets

Intangible assets include technology costs, patents, trademarks and licenses. Each is recorded at cost and amortized on a straight-line basis over the term of the agreements or useful life of the asset. Amortization commences when the intangible asset is available for use. Intangibles with definite lives but not yet available for use are assessed at least annually for impairment or more frequently if there are indicators of impairment.

Impairment of Long-lived Assets

The Company reviews the carrying value of non-financial assets with definite lives for potential impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of non-financial assets with definite lives but are not ready for use, are assessed at least annually for impairment based on the impairment test on cash-generating units (CGUs). The impairment test on CGUs is carried out by comparing the carrying amount of the CGU and its recoverable amount. The recoverable amount of a CGU is the higher of fair value less costs to sell and its value in use. This complex valuation process entails the use of methods such as the discounted cash method which requires numerous assumptions to estimate future cash flows.

The recoverable amount is impacted significantly by the discount rate selected to be used in the discounted cash flow model, as well as the quantum and timing of risk-adjusted future cash flows and the growth rate used for the extrapolation. The impairment loss is calculated as the difference between the fair value of the asset and its carrying value.

Share-based payments

The Company applies the fair value method of accounting for stock-based compensation for awards granted to officers, directors, employees and consultants of the Company. The fair value of the award at the time of granting is determined using the Black-Scholes option pricing model, and recognized as a compensation expense on a straight- line basis over the vesting period with an offsetting amount recorded to contributed surplus. The amount of the compensation cost recognized at any date at least equals the value of the portion of the options vested at that date. When stock options are exercised, the consideration paid by employees or directors, together with the related amount in contributed surplus, is credited to capital stock. When an employee leaves the Company, vested options must be exercised within 90 days, or the options expire. Any unvested options pertaining to departing employees are reversed in the reporting period during which that employee leaves the Company.

Revenue recognition

Variable consideration included within a revenue arrangement requires significant judgment to determine the amount and timing of revenue recognition due to revenue being constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur.

FINANCIAL INSTRUMENTS

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 carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these instruments. Based on available market information, the fair value of the obligation under capital lease approximates its carrying value.

The fair value of the long-term debt is based on rates currently available for items with similar terms and maturities. The fair value of the liability for each convertible debenture has been calculated and the residual is accounted for in equity. The Company does not have any off balance sheet financial instruments.

Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in the National Instrument 52-109 Certification of Disclosure in Issuer's Annual Filings (NI 52-109F1). As at December 31, 2025, management has concluded that the disclosure controls are effective in providing reasonable assurance that information required to be disclosed in the Company's reports is recorded, processed summarized and reported within the time periods specified in the Canadian Securities Administrator's rules and forms.

Deferred income taxes

Deferred income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases. Deferred income tax assets and liabilities are measured using tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effects of changes in income tax rates are reflected in future income tax assets and liabilities in the year that the rate changes are substantively enacted.

Internal Controls Over Financial Reporting

The design of internal controls over financial reporting ("ICFR") within the company is a management responsibility to provide reasonable assurance that the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with generally accepted accounting principles of IFRS. While the CEO and CFO believe that the internal controls are adequate to provide the above information, the process to evaluate and document all policies and procedures that could impact financial reporting is continuously reviewed with consultation with the Audit Committee. Shareholders should be aware that Microbix is a small company without the department resources associated with larger firms. Management is using the Committee of Sponsoring Organization of the Treadway Commission ("COSO"). Framework and has concluded that the Internal Control over Financial Reporting ("ICFR") as defined in NI 52-109 is effective as at the period ended September 30, 2025. Examination by the Chief Executive Officer and the Chief Financial Officer showed that there were no changes to the internal controls over financial reporting during the period ended September 30, 2025 that have materially affected, or are reasonably thought to materially affect, the internal control over financial reporting.

CHANGES IN ACCOUNTING POLICIES

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.

IMPACT OF NEW ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED

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.

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

As at December 31, 2025 and September 30, 2025 **Canadian Funds**

	As at December 31, 2025	As at September 30, 2025
ASSETS		
CURRENT ASSETS		
Cash	$ 9,097,580	$ 12,112,760
Accounts receivable	3,984,395	1,610,509
Inventory (Note 4)	9,311,475	9,195,586
Prepaid expenses and other assets	648,010	656,036
TOTAL CURRENT ASSETS	23,041,460	23,574,891
LONG-TERM ASSETS		
Property, plant and equipment (Note 5)	9,940,472	10,104,298
Intangible assets (Note 6)	3,608,643	3,730,744
TOTAL LONG-TERM ASSETS	13,549,115	13,835,042
TOTAL ASSETS	$ 36,590,575	$ 37,409,933
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,652,457	$ 1,977,360
Current portion of long-term debt (Note 8)	5,220	5,220
Current portion of lease liability (Note 5)	214,004	211,161
Deferred revenue (Note 18)	1,195,666	585,212
TOTAL CURRENT LIABILITIES	3,067,347	2,778,953
Debentures (Note 7)	2,386,535	2,298,793
Lease liability (Note 5)	1,241,464	1,295,832
Deferred revenue (Note 18)	268,454	285,269
Long-term debt (Note 8)	3,019,598	2,963,544
TOTAL LONG-TERM LIABILITIES	6,916,051	6,843,438
TOTAL LIABILITIES	$ 9,983,398	$ 9,622,391
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	$ 50,178,822	$ 50,431,600
Equity component of convertible debentures (Note 7)	2,272,566	2,272,566
Contributed surplus	10,960,012	10,720,423
Accumulated deficit	(36,804,224)	(35,637,047)
TOTAL SHAREHOLDERS' EQUITY	$ 26,607,176	$ 27,787,542
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 36,590,575	$ 37,409,933

Commitments and Contingencies (Note 20)

(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.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME **Unaudited**

For the three months ended December 31 **Canadian Funds**

	2025	2024
SALES		
Product sales	$ 4,050,632	$ 5,893,739
Licensing fees and royalties	168,277	150,263
TOTAL SALES (Notes 17, 18)	4,218,909	6,044,002
COST OF GOODS SOLD		
Product costs (Note 4)	2,465,572	2,272,818
Licensing fees and royalties	19,870	18,504
TOTAL COST OF GOODS SOLD	2,485,442	2,291,322
GROSS MARGIN	1,733,467	3,752,680
EXPENSES		
Selling and business development	333,568	367,380
General and administrative	1,792,027	1,708,736
Research and development	557,066	599,602
Foreign exchange loss (gain)	37,787	106,871
Financial expenses (Note 14)	180,196	113,129
NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD	$ (1,167,177)	$ 856,962
NET INCOME PER SHARE		
Basic (Note 12)	$ (0.008)	$ 0.006
Diluted (Note 12)	$ (0.008)	$ 0.006

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS **Unaudited**

For the three months ended December 31 **Canadian Funds**

	2025	2024
OPERATING ACTIVITIES		
Net Income for the Period	$ (1,167,177)	$ 856,962
Items not affecting cash		
Amortization and depreciation (Note 17)	456,294	434,942
Accretion of debentures (Note 7)	87,742	65,138
Stock options expense (Note 11)	160,530	177,427
Accretion interest expense (Note 14)	73,223	53,628
Change in non-cash working capital balances (Note 13)	(2,213,015)	(795,395)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,602,403)	792,702
INVESTING ACTIVITIES		
Purchase of property, plant and equipment (Note 5)	(170,366)	(203,052)
CASH USED IN INVESTING ACTIVITIES	(170,366)	(203,052)
FINANCING ACTIVITIES		
Repayments of long-term debt (Note 8)	(1,305)	(27,780)
Payments of lease liabilities	(67,387)	(45,426)
Repurchase of common shares	(173,719)	(511,291)
Proceeds from exercise of warrants and options	-	79,550
CASH PROVIDED BY FINANCING ACTIVITIES	(242,411)	(504,947)
NET CHANGE IN CASH - DURING THE PERIOD	(3,015,180)	84,703
CASH - BEGINNING OF YEAR	12,112,760	12,963,339
CASH - END OF PERIOD	$ 9,097,580	$13,048,042

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY **Unaudited**

For the three months ended December 31, 2025 and 2024 **Canadian Funds**

	Share Capital (Note 10)					
	Number of Shares	Stated Capital	Contributed Surplus	Deficit	Equity Component of Debentures	Total Shareholders' Equity
Balance, September 30, 2024	135,674,136	$48,682,853	$10,733,243	$(33,391,235)	$2,272,566	$28,297,427
Share-based compensation expense	-	-	177,427	-	-	177,427
Share Issuance pursuant to Exercise of Options	370,000	125,430	(45,879)	-	-	79,552
Repurchase of Shares	(1,567,080)	(586,391)	75,100	-	-	(511,291)
Net income and comprehensive income for the period	-	-	-	856,962	-	856,962
Balance, December 31, 2024	**134,477,056**	**$48,221,891**	**$10,939,891**	**$(32,534,273)**	**$2,272,566**	**$28,900,076**
Share-based compensation expense	-	-	472,767	-	-	472,767
Share Issuance pursuant to Exercise of Warrants	6,703,314	3,096,932	(683,738)	-	-	2,413,194
Exercise of Options	1,505,000	323,576	-	-	-	323,576
Repurchase of Shares	(3,172,892)	(1,210,799)	(8,497)	-	-	(1,219,296)
Net income and comprehensive income for the period	-	-	-	(3,102,774)	-	(3,102,774)
Balance, September 30, 2025	**139,512,478**	**$50,431,600**	**$10,720,423**	**$(36,637,047)**	**$2,272,566**	**$27,787,542**
Share-based compensation expense	-	-	160,530	-	-	160,530
Repurchase of Shares	(706,150)	(252,778)	79,059	-	-	(173,719)
Net income and comprehensive income for the period	-	-	-	(1,167,177)	-	(1,167,177)
Balance, December 31, 2025	**138,806,328**	**$50,178,822**	**$10,960,012**	**$(36,804,224)**	**$2,272,566**	**$26,607,176**

(1) Includes 252,960 treasury shares (book value $60,430) as at December 31, 2025 ; see Note 10.

The accompanying notes and summary of significant accounting policies are an integral part of these interim 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 (QAPsTM 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

The Company's management prepared these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Board of Directors approved these consolidated financial statements on February 10, 2026.

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 significant 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.

Changes in Accounting Policies

IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments 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. On October 1, 2024, the Company 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

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 is 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.

4. INVENTORIES

Inventories consist of the following:

	December 31, 2025	September 30, 2025
Raw materials	$ 1,885,987	$ 1,713,894
Work in process	2,547,147	2,738,867
Finished goods	4,878,341	4,742,825
	$ 9,311,475	$ 9,195,586

During the quarter ended December 31, 2025, inventories in the amount of $2,465,572 (December 31, 2024- $2,272,818) were recognized as an expense through cost of goods sold. The allowance for potentially impaired or stale-dated inventories as at December 31, 2025 was $660,757, which is recognized as an expense in cost of goods sold (September 30, 2025 - $529,715).

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 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, 2025	$ 6,750,751	$ 757,803	$ 10,004,164	$ 2,686,108	$ 800,000	$ 20,998,825
Additions	-	53,909	116,457	-	-	170,366
Balance, as at December 31, 2025	**6,750,751**	**811,712**	**10,120,621**	**2,686,108**	**800,000**	**21,169,191**
ACCUMULATED DEPRECIATION						
Balance, as at September 30, 2025	3,464,985	540,181	5,813,922	1,075,438	-	10,894,526
Depreciation	112,416	7,479	149,248	65,051	-	334,193
Balance, as at December 31, 2025	**3,577,401**	**547,660**	**5,963,171**	**1,140,489**	**-**	**11,228,719**
NET BOOK VALUE						
Balance, September 30, 2025	3,285,766	217,622	4,190,241	1,610,670	800,000	10,104,298
Balance, December 31, 2025	**$ 3,173,350**	**$ 264,052**	**$ 4,157,450**	**$ 1,545,619**	**$ 800,000**	**$ 9,940,472**

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

	Right-of-Use Assets		
	Property	Equipment	Lease Liabilities
Balance, September 30, 2025	$ 1,434,691	$ 175,978	$ 1,506,993
Additions	-	-	-
Depreciation Expense	(60,490)	(4,560)	-
Interest Accretion	-	-	15,863
Payments	-	-	(67,387)
Balance, December 31, 2025	**$ 1,374,201**	**$ 171,418**	**$ 1,455,469**
Current portion			$ 214,004
Non-current portion			1,241,465

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

Lease liabilities for leases that were entered during the quarter ended December 31, 2025 were discounted using an incremental borrowing rate of 4.7% (September 30, 2025 – 4.7%). During Q3 2025, the Company's lease at 235 Watline Avenue was extended for an additional three years with an option for an additional three years.

Lease obligations as at December 31, 2025 are:

	Amount
2026	$ 203,874
2027	273,554
2028	281,943
2029	292,017
2030	296,512
2031 and thereafter	300,670
Total	**$ 1,648,570**

6. INTANGIBLE ASSETS

Intangible assets consist of:

	Capitalized Development Costs Bioreactor (a)	Patents and Trademarks QAPs (b)	Kinlytic® License (c)	Rights and Knowhow	Total
COST					
Balance, as at September 30, 2025	2,088,575	142,470	3,078,585	270,604	5,580,235
Additions	-	-	-	-	-
Balance, as at December 31, 2025	**2,088,575**	**142,470**	**3,078,585**	**270,604**	**5,580,235**
ACCUMULATED AMORTIZATION					
Balance, as at September 30, 2025	1,125,510	67,673	615,718	40,590	1,849,491
Amortization expense	34,810	3,562	76,964	6,766	122,101
Balance, as at December 31, 2025	**1,160,320**	**71,235**	**692,682**	**47,356**	**1,971,592**
NET BOOK VALUE					
Balance, as at September 30, 2025	963,065	74,797	2,462,867	230,014	3,730,744
Balance, as at December 31, 2025	**$ 928,256**	**$ 71,235**	**$ 2,385,904**	**$ 223,248**	**$ 3,608,643**

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 has been successfully employed for ongoing production of key Antigen products.

(b) Patents and Trademarks - Quality Assessment Products ("QAPs")

To enhance its QAPs business of providing patient-sample mimetics 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.

(c) Kinlytic®

The Company acquired the assets and rights pertaining to the development, production, and licensing of Kinlytic® from ImaRX Therapeutics, Inc. in 2008. The asset is being amortized over an estimated period of 10 years, from the year of the agreement.

(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 US$200,000 (C$270,604). The asset is being amortized over an estimated period of 20 years from the year of purchase.

7. DEBENTURES

The Company has convertible debentures issued and outstanding as at December 31, 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, 2025	831,390	1,467,403	2,298,793
Accretion	30,834	56,908	87,742
Repayments	-	-	-
Balance, December 31, 2025	**862,224**	**1,524,311**	**2,386,535**
Less: current portion	-	-	-
Non-current portion	862,224	1,524,311	2,386,535
Balance, December 31, 2025	**$ 862,224**	**$ 1,524,311**	**$ 2,386,535**
Equity component at December 31, 2025	**574,435**	**1,698,131**	**2,272,566**
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.

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 December 31, 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, 2024	1,261,675
Proceeds from loan	-
Loan repayments during the period	(1,207,300)
Balance, September 30, 2025	$ $54,375
Proceeds from loan	-
Loan repayments during the period	(1,305)
Balance, December 31, 2024	**$ 53,070**
Current Portion	$ 5,220
Non-current portion	47,850
Payment frequency	Monthly
Maturity of loan	Feb, 2036
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 December 31, 2025, the rate was 5.55% (September 30, 2025 – 5.80%). The loan is secured with the building and equipment. On May 21, 2024, the Company prepaid $229,185, 15% of the outstanding balance, without indemnity. On March 24, 2025 the Company made a further principle prepayment of $1,150,000, along with an indemnity equal to three months further interest on the principal prepaid of $17,537.

As at December 31, 2025, the commitments for the next five fiscal years and thereafter for the BDC loan are as follows:

Fiscal Years	Amount
2026	$ 3,915
2027	5,220
2028	5,220
2029	5,220
2030 and thereafter	$ 33,495

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 December 31, 2025and is being made available at a premium of 1.4% over the bank's prime rate (4.45% at September 30, 2025). 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)

b) 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 was to 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.

c) As at December 31, 2025, the Company has received contributions totalling $3,592,500 (September 30, 2025 – $3,592,500). 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 $2,422,736 (September 30, 2025 – $2,422,736), based on a discount rate of 8%, which represents management's best estimate of fair value. The residual amount of $1,169,764 (September 30, 2025 – $1,169,764) 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 December 31, 2025, $16,816 has been recognized as grant income within general and administrative expenses (December 31, 2024 – ($44,567)). As at December 31, 2025, the carrying value of the Loan is $2,971,748 (September 30, 2025– $2,914,388) and $335,717 is recognized as a deferred grant within deferred revenue on the consolidated statements of financial position (September 30, 2025– $352,533).

The Company is in compliance with the covenants associated with this Loan as at December 31, 2025.

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

Fiscal Years	Amount
2026	$ 538,875
2027	718,500
2028	718,500
2029	718,500
2030	718,500
2031	179,626

9. GOVERNMENT GRANT

On March 20, 2023, the Company announced a second grant agreement with the Ontario Together Fund ("OTF") of the Ministry of Economic Development, Job Creation and Trade (the "Grant"). This Grant of $840,000 was to cover 30% of the cost to further expand the Company's capabilities and capacity for manufacturing specialized products relating to diagnostic testing for infectious diseases. The Government of Ontario supported the expansions at Microbix's three adjacent sites in Mississauga. An initial Grant disbursement, upon execution of the Grant agreement, in the amount of $504,000 was received on March 13, 2023. During fiscal 2025, $218 of Grant-related income was recognized (2024 - $402,162). In addition, $369,719 was recognized as a reduction to property, plant and equipment. At September 30, 2025, other receivables did not include any grants receivable (September 30, 2024– $336,000). The remaining $336,000 of the Grant was paid on August 25, 2025, following completion of 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. 303,000 shares representing shares repurchased ($108,347 book value) but not yet cancelled were considered as treasury shares as at September 30, 2023.

On December 8, 2023, the Company initiated a second 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 enabled 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 were considered as treasury shares as at September 30, 2024.

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

During the year ended September 30, 2025, 4,862,731 shares were repurchased at a cost of $1,730,586 and 4,739,972 shares were cancelled. As at September 30, 2025, 259,833 shares were in treasury, awaiting cancellation.

On December 9, 2025, the Company initiated a fourth 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 4, 2025, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period.

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, 2025	139,512,478	$ 50,431,600
Exercise of Options and Warrants	-	-
Stock repurchase and cancellation	(706,150)	(252,778)
Balance, as at December 31, 2025	**138,806,328**	**$ 50,178,822**

11. 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 December 31, 2025, the Company has a total of 13,419,000 options (September 30, 2025 – 13,519,000) issued and is eligible to issue up to a total of 13,881,320 options.

The exercise price of each option equals no less than the market price at the date immediately preceding the date of the grant. The options granted during any given year and future option 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.

The activity under the Company's stock option plan for quarter ended December 31, 2025 is as follows:

	Units	Weighted average exercise price
Balance, September 30, 2025	13,519,000	$ 0.49
Stock options expired	(100,000)	$ 0.46
Balance, December 31, 2025	**13,419,000**	**$ 0.49**
Exercisable, December 31, 2025	**5,049,000**	**$ 0.61**

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 December 31, 2025 and September 30, 2025:

	December 31, 2025			September 30, 2025		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life
			years			years
Range of exercise prices:						
$0.46 to $0.62	7,944,000	$ 0.56	1.95	8,044,000	$ 0.56	2.17
$0.28 to $0.40	5,475,000	$ 0.39	2.65	5,475,000	0.39	2.91
	13,419,000	$ 0.49	2.24	13,519,000	$ 0.49	2.47

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 - $177,427).

11. STOCK OPTION PLAN (Continued)

Option issuances in February for the past 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

12. 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:

For the period ended December 31	2025	2024
Numerator for basic income (loss) per share:		
Net income (loss) available to common shareholders	$ (1,167,177)	$ 856,962
Net income (loss) for dilutive earnings per share	$ (1,167,177)	$ 856,962
Denominator for basic income (loss) per share:		
Weighted average common shares outstanding	139,052,020	134,914,159
Dilutive Effect	-	633,304
Dilutive weighted average common shares outstanding	139,052,020	135,547,463
Net income (loss) per share:		
Basic	$ (0.008)	$ 0.006
Diluted	$ (0.008)	$ 0.006

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 period ended December 31	2025	2024
Pursuant to warrants	-	8,881,564
Under stock options	13,419,000	11,880,696
Pursuant to convertible debentures	17,391,304	17,391,304
	30,810,304	38,153,564

13. CHANGES IN NON-CASH WORKING CAPITAL

For the period ended December 31	2025	2024
Accounts receivable	$ (2,373,886)	$ (758,685)
Inventory	(115,888)	(611,189)
Prepaid expenses and other assets	8,025	20,307
Investment tax credits receivable	-	-
Deferred revenue	593,638	515,603
Accounts payable and accrued liabilities	(324,904)	38,570
	$ (2,213,015)	$ (795,394)

14. FINANCIAL EXPENSES, NET

For the period ended December 31	2025	2024
Cash interest:		
Interest on long-term debt	$ 752	$ 22,301
Interest on debentures	90,000	90,000
Interest other	-	-
Interest income	(71,520)	(117,938)
Non-cash interest:		
Accretion on debentures	87,742	65,138
Accretion interest expense	73,223	53,628
Financial expenses	$ 180,196	$ 113,129

15. 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 December 31, 2025 was $32,018,530 (September 30, 2025 - $33,055,099).

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 access to a revolving line of credit of $4,000,000 with its Canadian chartered bank (see note 9).

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 buyback of issued common shares per its normal-course issuer bid program (see note 10). There was no change during the quarter in how the Company defines its capital or how it manages its capital.

16. 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 quarters ended December 31, 2025 and September 30, 2025, the Company has carried at fair value financial instruments in Level 1. As at December 31, 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:

a) Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets
b) 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
c) Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

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	31-Dec-25	$ 9,097,580	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	31-Dec-25	-	2,386,535	-
Long-term-debt and other debt	31-Dec-25	-	3,024,818	-

	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-25	$ 12,112,760	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	30-Sep-25	-	2,298,793	-
Long-term-debt and other debt	30-Sep-25	-	2,298,764	-

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.

17. 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, reference materials for test development or manufacturing, and testing-related reagents such as 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 income (loss) from continuing operations for the quarters ended December 31, segmented between categories (i) and (ii) (including Kinlytic):

	Segment revenue		Operating Income (loss)	
For the quarter ended December 31	2025	2024	2025	2024
Product Sales	$ 4,050,632	$ 5,893,739	$ (1,239,985)	$ 802,168
Licensing Fees and Royalties	168,277	150,263	72,808	54,794
Total for continuing operations	$ 4,218,909	$ 6,044,002	$ (1,167,177)	$ 856,962

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current quarter (December 31, 2024 - $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) segment. 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	
	December 31 2025	September 30 2025	December 31 2025	September 30 2025
Product Sales	$ 34,204,671	$ 34,947,065	$ 9,983,398	$10,399,071
Licensing Fees and Royalties	2,385,904	2,462,868	-	-
Total for continuing operations	$ 36,590,575	$ 37,409,933	$ 9,983,398	$10,399,071

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.

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 December 31 are as follows:

	Depreciation and amortization		Additions to non-current assets	
	2025	2024	2025	2024
Product Sales	$ 379,329	$ 357,977	$ 170,366	$ 203,052
Licensing Fees and Royalties	76,965	76,965	-	-
	$ 456,294	$ 434,942	$ 170,366	$ 203,052

18. 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.

	Revenue from external customers		Non-current assets	
For the period ended December 31,	2025	2024	2025	2024
North America	$ 2,502,764	$ 4,069,268	$13,549,114	$ 13,604,915
Europe	1,673,487	1,877,988	-	-
Other foreign countries (directly)	42,658	96,746	-	-
Total for continuing operations	$ 4,218,909	$ 6,044,002	$13,549,114	$13,604,915

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

For the period ended December 31,	2025	2024
Balance, beginning of the year	$ 870,481	$ 740,058
Cash payments or advance payments on performance obligations	1,226,178	1,245,536
Revenue recognized during the quarter	(615,724)	(774,500)
Deferred government grant and loan (see notes 8 and 9)	(16,816)	44,567
Balance, end of quarter	$ 1,464,119	$ 1,255,661

As at December 31, 2025, $268,454 of deferred revenue is reported in Long-term liabilities (September 30, 2025 - $285,269).

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 is recognized when the service is rendered and control of the service is transferred to the Company's customers. 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. In 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., US$ 1.0 million) and received the next milestone payment of US$ 2.0 million which was entirely recognized as revenue in 2024.

19. 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 five key management executive officers. Compensation for the Company's key management personnel was as follows:

	Three months ended December 31, 2025	Three months ended December 31, 2024
Short-term wages, bonuses and benefits	$ 380,230	$ 369,537
Share based payments	103,371	114,779
Total key management compensation	$ 483,601	$ 484,316

During the quarter the Company expensed $18,250 related to consulting services provided by Syntax Strategic Inc. (a company owned by one of Microbix' directors), for government relations initiatives. The Company pays $6,250 per month on a month-to-month agreement.

20. COMMITMENTS AND CONTINGENCIES

Commitments

Payments on convertible debentures (see Note 8)

	Amount
2026	$ 270,000
2027	360,000
2028	2,860,000
2029	1,539,497
	$ 5,029,497

Principal payments in 2028 ($2,500,000) and 2029 ($1,500,000) will be payable if the debenture holder does not convert the debentures into shares.

Contingencies

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

DIRECTORS

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Partner and Medical Director
Durham Spine & Pain Institute

Mark A. Cochran [2]
Virginia, USA
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Vaughn C. Embro-Pantalony [1] [2]
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Pharmaceutical Executive

Cameron Groome [2]
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Chief Executive Officer and President
Microbix Biosystems Inc.

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Joseph D. Renner [1] [2]
New Jersey, USA
Pharmaceutical Executive

Jennifer A. Stewart [2]
Ontario, Canada
Chief Executive Officer
Syntax Strategic Inc.

[1]Member of Audit Committee.
[2]Member of the Human Resources, Compensation and Governance Committee.

CORPORATE INFORMATION

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Transfer Agent	*TSX Trust Company*
Bankers	*The Toronto Dominion Bank*
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James S. Currie
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Kenneth Hughes
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Senior Vice-President, Scientific Affairs

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