MICROBIX BIOSYSTEMS INC.

MICROBIX

SECOND INTERIM REPORT

For the three months
ended March 31, 2024

Message to Shareholders

Results for the second quarter of fiscal 2024 ending March 31, 2024 ("Q2") provided strong revenues of $5.6 million, an increase of 34% from the prior year. Coupled with our robust first quarter, revenues for the first half of fiscal 2024 ("H1") of $14.0 million have already reached 85% of full-year fiscal 2023. We therefore remain confident fiscal 2024 will be a record year for both revenues and net earnings.

For Q2 and H1, both our test-ingredients (Antigens) and our test-controls (QAPs™) provided double-digit sales growth. Such revenues generated sufficient gross margin dollars to cover our cost-base and still provide a solid net income margin of 7%. We now aim for sales growth plus larger and more efficient production runs to improve gross margin beyond the 53% of Q2 and thereby grow net income.

For Antigens, sales continue to be strong – reaching C$ 4.1 million in Q2 due to greater demand from both western and Asian end-users. With H1 sales of C$ 6.1 million, fiscal 2024 performance is poised to set a new record. Continued investments to improve reliability, increase yields, and optimize pricing are enabling us to capture increasing client order-flows.

Our outlook for QAPs likewise remains very positive. At C$ 3.6 million, H1 QAPs sales were up 51% Y/Y and should also set a new full-year record in fiscal 2024. QAPs growth is being realized even though revenues from point-of-care test (PoCT) customers remain largely derived from product development fees and small-volume validation-oriented production runs. As more of our clients get their new assays fully-approved and launched, accompanying sales of our in-kit QAPs should grow quite materially.

Kinlytic® urokinase also made great strides in Q2. In March 2024, Microbix was happy to disclose that our partner, Sequel Pharma, contracted with a leading Contract Drug Manufacturing Organization (CDMO) to update various processes and begin making Kinlytic "Drug Substance." This contract and project are arguably the most-costly and important in relation to returning Kinlytic to market, so we are very pleased with both the progress of this project and the relationship between Microbix and Sequel.

Beyond quarterly results, Microbix continues to improve its strategic position within the diagnostics industry. Specifically, makers of next-generation tests know that they need the best-possible control devices to get test regulatory approvals and payor reimbursement – and are concluding that Microbix is best-equipped to create such test controls (QAPs) with the needed qualities, in their required formats, and at the necessary unit volumes. We therefore continue to upgrade our QAPs capabilities in parallel with adding customer relationships and programs.

Such upgrades include our ERP and eQMS software, new automated filling line for reagent production, ongoing additions to production and QC labs, and hiring more talented staff. I believe our capabilities are now first-class across the disciplines of product development, biologics and device manufacturing, quality control, quality assurance, supply & logistics, and customer service – able to readily satisfy even the most demanding customers and regulators. Additionally, all our improvements are being funded on a "pay as we go" basis – while staying profitable and maintaining optimal financial strength during a time of economic and political turbulence.

However, the sentiment of investors in "small cap" companies like Microbix is beyond our control. While we're doing all we can to build real and lasting value for shareholders, our progress isn't seen in our share price on the TSX or OTC QX. While this is a much broader phenomenon, we're fighting it by actively reaching-out to investors in both Canada and the United States, which should be beneficial as we keep growing revenues and earnings quarter-by-quarter.

To conclude, I believe Microbix has never been stronger in its strategic or financial position. We're poised to benefit from the use of QAPs with next-generation tests – growing our sales and margins. This should transform our scale and profitability over the next few years, as a powerful earnings engine that Kinlytic is geared to supercharge.

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, 2023, 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 www.sedar.com. 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, 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.

The Management Discussion and Analysis is dated May 14, 2024.

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™), testing-related reagents such as viral transport medium for enabling the collection of patient samples to test for pathogens (branded as DxTM™), and, through partnership funding, is redeveloping a biological drug (Knlytic® 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 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®). Microbix' antigens and QAPs 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

COMPANY OVERVIEW

resumed 100% importation to satisfy domestic needs for this critical product. In consequence, Microbix has begun to secure orders of other testing-related reagents from customers in private industry, with the first such sales generated in the quarter ended March 31, 2024.

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 treat 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 15 November, 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 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 however, Microbix began to see antigen demand recovering toward pre-COVID levels, and such demand has become intense. Microbix has since been expanding production capacity for multiple antigen products and is working to determine whether these higher levels of demand will be transient or persistent. Investment in expanding antigen capacity is 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. QAPs and DxTM likewise continue to be affected, with both positive and negative impacts.

On the whole, Management believes COVID has transitioned from pandemic to endemic, leading revenue from the antigens and QAPs business (Antigens & QAPs) to resume growth for the foreseeable future. Antigen sales growth may be largely driven by certain public health tests becoming more widely used in the Asia Pacific region and, more recently, increased global testing for multiple respiratory pathogens. 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 by increasing adoption of molecular testing (e.g., "PCR") by laboratories and at the point-of-care. For DxTM, production remains paused, due in large part 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 no 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 recently begun.

The sales resulting from antigens, QAPs, and DxTM or reagent activities are targeted to provide free cash flow to cover operating and debt service costs, and funding for business initiatives that leverage Microbix's expertise.

Microbix owns and operates a biologicals manufacturing facility at 265 Watline Avenue in Mississauga, Ontario. For that facility, 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 renovations have since been ongoing to support production of DxTM or other reagents, and to add quality-control laboratory space, workstations, and warehousing. Microbix is ISO 9001 & 13485 accredited, FDA & Health Canada establishment licensed, Australian TGA registered, and provides CE marked products.

FINANCIAL OVERVIEW

Quarter ending March 31, 2024 ("Q2")

Q2 revenue was $5,632,901, a 34% increase from Q2 2023 revenues of $4,218,323. Antigen sales grew by 37% to $4,111,462 (2023 - $3,004,730), while QAPs grew by 27% to $1,399,596 (2023 - $1,101,684). Revenue from royalties increased to $121,843 (2023 - $111,910).

Q2 gross margin was 53%, down from Q2 2023 gross margins of 60%. Gross margins were primarily impacted by product mix and and increased weighting of Antigen revenues during the quarter.

Operating and finance expenses in Q2 increased by 4% relative to Q2 2023. Q2 costs reflect the ongoing costs of our IT systems upgrades which began in the latter half of fiscal 2023 and amortization charges relating to the reversal of the impairment of the Kinlytic intangible asset which began at the end of fiscal 2023.

Increased sales and higher gross margin dollars led to an operating income and net income of $377,730 versus a Q2 2023 operating income and net income of $31,616. Cash provided by operating activities was $839,245, compared to cash used in operating activities of ($1,055,856) in Q2 2023.

Period ending March 31, 2024 ("H1")

H1 revenue was $14,040,785, a 109% increase from H1 2023 revenues of $6,720,395. Included were antigen revenues of $6,065,138 (2023 - $4,008,537), up 51% from last year. QAPs revenues of $3,647,832 were up 51% from H1 2023 (2023 - $2,435,186), due in large part to the more than doubling of sales of our branded PROCEEDx® and REDx™ QAPs products. Revenue from royalties were $241,155 (2023 - $276,672). H1 revenues were also greatly influenced by the recognition of $4,086,000 in Kinlytic licensing milestone payments (2023 – nil). In summary, the H1 2024 sales growth result was driven by Kinlytic licensing revenues and significant growth in both our Antigens and QAPs businesses.

H1 gross margin was 65%, up from 55% in H1 2023, primarily due to the impact of Kinlytic licensing revenues and stronger QAPs revenues.

Operating expenses in H1 increased by 28% relative to H1 2023, principally due to US$ 500,000 in investment-banking fees related to our Kinlytic licensing agreement that were absorbed into G&A in accordance with IFRS accounting practices. In addition, H1 costs reflect the on going costs of our IT systems which began in the latter half of fiscal 2023 and amortization relating to the reversal of the impairment of the Kinlytic intangible asset, which began at the end of fiscal 2023.

Overall, strong H1 revenues led to an operating income and net income of $2,833,109 versus a H1 2023 operating loss and net loss of $1,267,647. Cash provided by operating activities was $2,178,196, compared to cash used in operating activities of $1,769,723 in H1 2023, with much of the change coming from operating income and changes in working capital balances during the period.

At the end of Q2, Microbix's current ratio (current assets divided by current liabilities) was 6.64 and its debt to equity ratio (total debt over shareholders' equity) was 0.37, both measures having improved from the prior year second quarter (Q2 2023) and the preceding fiscal year end (Q4 2023).

Canadian Funds

FINANCIAL OVERVIEW (Continued)

Financial Highlights

For the three months and six months ended	Three months ended March 31, 2024	Three months ended March 31, 2023	Six months ended March 31, 2024	Six months ended March 31, 2023
Total Revenue	$ 5,632,901	$ 4,218,323	$ 14,040,785	$ 6,720,395
Gross Margin	2,970,969	2,527,280	9,193,301	3,713,255
S,G&A Expenses	2,016,032	1,878,420	5,184,281	3,841,622
R&D Expense	495,881	525,925	980,100	950,883
Financial Expenses	81,326	91,319	195,811	188,397
Operating Income (Loss) for the period	377,730	31,616	2,833,109	(1,267,647)
Net Income (Loss) and Comprehensive Income (Loss) for the period	377,730	31,616	2,833,109	(1,267,647)
Cash Provided (Used) by Operating Activities	839,245	(1,055,856)	2,178,196	(1,769,723)

As at	March 31, 2024	March 31, 2023
Cash	12,873,087	11,606,487
Accounts receivable	4,407,630	4,119,771
Total current assets	24,683,176	22,302,006
Total assets	37,922,214	35,653,024
Total current liabilities	3,718,551	4,349,942
Total liabilities	10,165,806	11,028,537
Total shareholders' equity	27,756,408	24,624,487
Current ratio	6.64	5.13
Debt to equity ratio	0.37	0.45

SELECTED QUARTERLY FINANCIAL INFORMATION

	Jun-30-22 $	Sep-30-22 $	Dec-31-22 $	Mar-31-23 $	Jun-30-23 $	Sep-30-23 $	Dec-31-23 $	Mar-31-24 $
Total Revenue	5,011,025	4,329,052	2,502,072	4,218,323	5,530,152	4,264,229	8,407,884	5,632,901
Net Income (Loss) and Comprehensive Income (Loss)	638,502	(464,080)	(1,299,262)	31,616	(769,108)	1,997,273	2,455,379	377,730

OUTLOOK

Microbix's business was started 35 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 lab customers asking Microbix to do some of their bacteriological, mammalian cellular, and viral culturing work. 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. 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 had been written-off as an asset in September, 2020, as the pandemic made it impossible 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 US$ 400 million sub-indication of venous catheter clearance. 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 will be eligible for further milestone payments and eventual royalties 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.

Microbix's antigen test-ingredients business was 90% or more of sales for many years. Over the past six years however, Microbix has sought to more broadly employ its deep diagnostics industry expertise and thereby incrementally build its revenues. This effort has succeeded, with test-ingredients comprising only 43% of Microbix's sales in fiscal 2022, and 58% in fiscal 2023 – due to its creating and growing other revenue streams. While test ingredients sales are now resuming a growth trajectory, their proportion of overall company sales is expected to continue to decline over time – as a result of faster-growing sales of other product categories, such as QAPs.

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. Upgrading to the ISO 13485 medical devices quality standard, obtaining a Health Canada Medical Devices Establishment License, and securing the 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 mimics 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").

OUTLOOK (Continued)

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 28% of sales across fiscal 2022, and over 30% in fiscal 2023, with Microbix expecting this segment to be its fastest-growing revenue source for the foreseeable future.

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, Microbix volunteered to begin domestic production of VTM for the province of Ontario. With the assistance of a grant from the Ontario Together Fund (OTF) of the 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 security of supply and 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 test-kit reagents and diluents for other, non-governmental, customers based outside of Canada.

Looking ahead, Microbix believes that it has considerable 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-Test ("PoCT") companies as 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 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.

The largest of such opportunities 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 major international test-makers intending to sell millions of cartridges per month across multiple pathogen categories, it is not difficult to see how revenues can build for Microbix in this industry area. A first such alliance was announced by Microbix in August, 2022 with QuidelOrtho Corporation (QDEL on NASDAQ). Meaningful revenues are expected as that multinational test-maker, and others, 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 and are formalized and disclosed in due course, such as those with SpeeDx (Apr., 2021), Ulisse Biomed (Nov., 2023), BioGx (Dec., 2023), and Seegene USA (Dec. 2023).

OUTLOOK (Continued)

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 modernized and scalable Enterprise Resource Planning (ERP) software, alongside moving to a paperless Quality Management System (eQMS) – both 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 targeting annual revenues of C$ 25 million for our current fiscal year, with the goal of exceeding C$100 million over the next several years. To do so, we have deep and broad life sciences capabilities and a a strong financial position. We are likewise a fully-fledged medical devices firm poised to benefit from medical diagnostics being used more effectively and frequently than ever, 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.

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 $34,078,305 as at March 31, 2024. 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 2023, a portion of working capital was judiciously employed on systems modernizations, capacity expansions, and process optimizations – approximately $1.0 million of which was expensed and $1.0 million capitalized. A further $1.1 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 an enviable liquidity position as at September 30, 2023. Moving into fiscal 2024, Management expects cashflow to be positive due to: 1) continued growth in overall product sales, 2) improvements in product pricing or other sales terms, 3) greater sales of higher percentage gross margin products, and 4) manufacturing process optimization efforts, and 5) other business development and financial initiatives. Management expects these factors will continue to significantly improve the overall liquidity position, as the Company's plans come to fruition.

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 is required to submit eligible expenses on a quarterly basis to receive the interest-free contributions. On February 14, 2023 the Company

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES (Continued)

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

agreed to an amendment to the original agreement providing an additional $840,000 of repayable contributions, increasing the total funding up to $3,592,500. Repayment of all contributions does not begin until April 15, 2025.

To support the continued growth of the business, on January 30, 2020, the Company completed a non-brokered private placement offering of an aggregate of 11,800,000 units for total gross proceeds of $2,360,000. Each unit consisted of one common share of Microbix and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of $0.36 for five years. The financing was non-brokered. Cash commissions of $104,300 were paid and an aggregate of 521,500 Broker's Warrants were issued in the private placement offering. Each Broker's Warrant entitles the holder to purchase one unit at a price of $0.36 for a period of five years. All securities issued under the private placement were subject to a hold period which expired four months and one day from the date of closing.

In addition, on May 19, 2021, the Company completed a public offering and concurrent private placement offering of an aggregate of 11,500,000 units for total gross proceeds of $6,900,000, and net proceeds of $6,131,568 after share issuance costs of $768,432. Each unit consisted of one common share of Microbix and one-half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share at an exercise price of $0.80 for two years. These warrants were subsequently extended for a further year to May 2024. The financing was a "bought deal", with co-lead underwriters of the Offering (iA Private Wealth Inc. and Bloom Burton Securities Inc.). Cash commissions of $402,500 were paid and an aggregate of 670,833 Broker's Warrants were issued in the public offering. Each Broker's Warrant entitled the holder to purchase one unit at a price of $0.60 for a period of two years. All securities issued under the concurrent private placement were subject to a hold period which expired four months and one day from the date of closing.

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 September 30, 2021 the Company recognized $717,587 (2020 - nil) of grant income. The company also recorded a $680,202 reduction in capital asset costs.

During the year ending September 30, 2022, the Company received $2,637,330 from the exercise of 7,480,293 warrants and received $806,800 from the exercise of 2,960,000 options. In addition, a $500,000 debenture was converted to 2,173,913 shares during the fourth quarter of fiscal 2022.

During fiscal 2022, the Company made an early repayment of the remaining outstanding principal relating to a $2.0 million non-convertible 9% interest debenture. A payment of $1,331,758, including accrued interest, was made on October 1, 2021. In addition, in April 2022 the Company repaid a non-convertible $500,000 debenture when it came due.

On December 3, 2021 the Company prepaid in full the outstanding balance including accrued interest for a BDC loan, totaling $266,094. See the long-term debt note for further details.

On March 20, 2023, the Company announced an additional grant agreement with the Ontario Together Fund ("OTF") of the Ministry of Economic Development, Job Creation and Trade (the "Grant"). The Grant of $840,000 is to cover 30% of the cost to further expand our capabilities and capacity for manufacturing specialized products relating to diagnostic testing for infectious diseases. The Government of Ontario is supporting the expansions at Microbix's three adjacent sites in Mississauga. An initial Grant disbursement, upon execution of the agreement, in the amount of $504,000, was received on March 13, 2023. The remaining $336,000 of the grant will be paid upon project completion.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES (Continued)

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

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 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, 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 require costly surgical replacement.

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.

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 March 31, 2024 was $49,238,448 for 137,417,293 common shares and September 30, 2023 was $49,044,488 for 136,853,373 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 new Normal Course Issuer Bid ("NCIB") program for the repurchase and cancellation of outstanding common shares. In accordance with the rules of the Toronto Stock Exchange and as detailed in the Company's news release of December 6, 2023, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During the first half of fiscal 2024 the Company has repurchased 1,173,368 shares at a cost of $447,641.

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 September 30, 2023.

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, 2023.

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 Antigens Product sales are dependent on key clients, open borders, international transportation systems, and access to raw materials

A significant share of the Company's antigen 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, could materially impact revenue and profitability, as well as the value of inventories and other assets.

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 and DxTM 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.

FINANCIAL RISK MANAGEMENT

The primary 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 or short-term interest-bearing accounts at one of the major Canadian chartered banks. With regards to its accounts receivable, management perceives the credit risk to be low. Typically the outstanding accounts receivable balance is relatively concentrated with a few large customers representing the majority of the value. With respect to the outstanding trade accounts receivable balance, as at March 31, 2024, five customers accounted for 80% (March 31, 2023 - five customers accounted for 85%). Concerning revenues, for the quarter ended March 31, 2024, five customers accounted for 76% (March 31, 2023- five customers accounted for 72%). The Company has had minimal bad debts over the past several quarters and accordingly management has recorded an allowance of $35,000 (March 31, 2023- $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 use financial instruments to hedge this currency risk. At March 31, 2024 and September 30, 2023, the significant balances, quoted in Canadian dollars, held in foreign currencies are:

	U.S. dollars		**Euros**	
	March 31 2024	September 30 2023	March 31 2024	September 30 2023
Cash	**$ 2,300,368**	$ 2,168,075	**$ 55,505**	$ 25,225
Accounts receivable	**$ 3,155,728**	$ 2,700,930	**$ 922,750**	$ 1,043,883
Accounts payable and accrued liabilities	**$ 127,440**	$ 173,959	**$ 53,927**	$ 40,753

Based upon 2023 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 $621,000 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 $164,500. 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 $621,000 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 $164,500.

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 $2,000,000 line of credit that bears interest at the bank's prime lending rate plus 2.0%. As at September 30, 2023 the Company has not drawn on this line of credit. A 1% increase in the bank rate would cost the Company approximately $15,000 per year for BDC and about $20,000 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.

Convertible Debentures

Management determines the fair value of the debenture using valuation techniques. Those techniques are significantly affected by the estimated assumptions used, including discount rates, expected life and estimates of future cash flows.

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.

CRITICAL ACCOUNTING ESTIMATES (Continued)

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 September 30, 2023, 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.

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

FINANCIAL INSTRUMENTS (Continued)

Internal Controls Over Financial Reporting (Continued)

at the period ended September 30, 2023. 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, 2023 that have materially affected, or are reasonably thought to materially affect, the internal control over financial reporting.

CHANGES IN ACCOUNTING POLICIES

Amendments to IAS 37: Onerous Contracts ("IAS 37")

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

Amendments to IFRS 9, Financial Instruments ("IFRS 9")

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

IMPACT OF NEW ACCOUNTING STANDARDS BUT NOT YET ADOPTED

Amendments to IAS 1

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

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its financial statements.

IMPACT OF NEW ACCOUNTING STANDARDS BUT NOT YET ADOPTED (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment to IAS 1 requires companies to disclose their material accounting policy information rather than significant accounting policies. The amendment also clarifies that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

Amendments to IAS 12 – Income Taxes ("IAS 12")

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

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

As at March 31, 2024 and September 30, 2023 **Canadian Funds**

	As at March 31, 2024	As at September 30, 2023
ASSETS		
CURRENT ASSETS		
Cash	$ 12,873,087	$ 11,606,487
Accounts receivable	4,407,630	4,119,771
Inventory (Note 4)	6,157,447	5,752,031
Prepaid expenses and other assets	1,209,449	767,451
Investment tax credit receivable	35,563	56,266
TOTAL CURRENT ASSETS	24,683,176	22,302,006
LONG-TERM ASSETS		
Property, plant and equipment (Note 5)	9,046,292	8,927,600
Intangible assets (Note 6)	4,192,746	4,423,418
TOTAL LONG-TERM ASSETS	13,239,038	13,351,018
TOTAL ASSETS	$ 37,922,214	$ 35,653,024
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,883,285	$ 2,080,284
Current portion of long-term debt (Note 8)	111,120	111,120
Current portion of lease liability (Note 5)	156,648	154,301
Deferred revenue (Note 19)	1,567,498	2,004,237
TOTAL CURRENT LIABILITIES	3,718,551	4,349,942
LONG-TERM LIABILITIES		
Debentures (Note 7)	1,889,848	1,789,394
Lease liability (Note 5)	620,937	699,733
Other long-term liabilities	-	298,691
Long-term debt (Note 8)	3,936,470	3,890,777
TOTAL LONG-TERM LIABILITIES	6,447,255	6,678,595
TOTAL LIABILITIES	$ 10,165,806	$ 11,028,537
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	$ 49,238,448	$ 49,044,488
Equity component of convertible debentures (Note 7)	2,272,566	2,272,566
Contributed surplus	10,323,699	10,218,847
Accumulated deficit	(34,078,305)	(36,911,414)
TOTAL SHAREHOLDERS' EQUITY	$ 27,756,408	$ 24,624,487
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$ 37,922,214	$ 35,653,024

Commitments and Contingencies (Note 21)

(Signed) "Martin Marino"
MARTIN MARINO
DIRECTOR

(Signed) "Cameron L. Groome"
CAMERON L. GROOME
DIRECTOR

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) **Unaudited**

For the three months and six months ended March 31 **Canadian Funds**

	2024	2023	2024	2023
SALES				
Product Sales	$ 5,511,058	$ 4,106,413	$ $9,712,970	$ 6,443,722
Licensing Fees and Royalties	121,843	111,910	4,327,815	276,673
TOTAL SALES (Note 18, 19)	5,632,901	4,218,323	14,040,785	6,720,395
COST OF GOODS SOLD				
Product Sales	2,641,173	1,668,732	4,818,953	2,960,034
Licensing Fees and Royalties	20,759	22,311	28,532	47,106
TOTAL COST OF GOODS SOLD (Note 4)	2,661,932	1,691,043	4,847,485	3,007,140
GROSS MARGIN	2,970,969	2,527,280	9,193,301	3,713,255
EXPENSES				
Selling and business development	373,218	376,383	736,751	738,486
General and administrative	1,642,814	1,502,037	4,447,530	3,103,136
Research and development	495,881	525,925	980,100	950,883
Financial expenses (Note 15)	81,326	91,319	195,811	188,397
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 377,730	$ 31,616	$ 2,833,109	$ (1,267,647)
NET INCOME (LOSS) PER SHARE				
Basic (Note 13)	$ 0.003	$ 0.000	$ 0.021	$ (0.009)
Diluted (Note 13)	$ 0.003	$ 0.000	$ 0.021	$ (0.009)

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 and six months ended March 31 **Canadian Funds**

	2024	2023	2024	2023
OPERATING ACTIVITIES				
Net Income (Loss) for the Period	$ 377,730	$ 31,616	$ 2,833,109	$ (1,267,646)
Items not affecting cash				
Amortization and depreciation (Note 18)	404,154	302,430	786,585	543,724
Accretion of debentures (Note 7)	52,096	38,676	100,454	74,577
Stock options expense (Note 12)	190,904	185,540	389,153	360,514
Accretion interest expense (Note 15)	58,505	40,747	116,266	79,791
Change in non-cash working capital balances (Note 14)	(244,144)	(1,654,865)	(2,047,370)	(1,560,683)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	839,245	(1,055,856)	2,178,196	(1,769,723)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note 5)	(637,905)	(551,112)	(674,605)	(683,265)
CASH USED IN INVESTING ACTIVITIES	(637,905)	(551,112)	(674,605)	(683,265)
FINANCING ACTIVITIES				
Repayments of long-term debt (Note 8)	(27,780)	(27,780)	(55,560)	(55,560)
Proceeds from Government Loan and Grant (Note 9)	-	1,290,830	-	1,507,393
Payment of lease liabilities	(45,545)	(46,641)	(91,090)	(99,039)
Repurchase of common shares	(395,083)	(400,108)	(447,641)	(760,786)
Proceeds from exercise of warrants and options (Notes 11, 12)	357,300	86,950	357,300	94,510
CASH PROVIDED BY FINANCING ACTIVITIES	(111,108)	903,251	(236,991)	686,518
NET CHANGE IN CASH - DURING THE PERIOD	90,232	(703,716)	1,266,600	(1,766,470)
CASH - BEGINNING OF PERIOD	12,782,855	12,425,322	11,606,487	13,488,075
CASH - END OF PERIOD	$ 12,873,087	$11,721,605	$12,873,087	$ 11,721,605

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

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

For the period ended March 31, 2024 and 2023 **Canadian Funds**

	Share Capital (Note 10)					
	Number of Shares	Stated Capital	Contributed Surplus	Deficit	Equity Component of Debentures	Total Shareholders' Equity
Balance, September 30, 2022	138,991,373	$49,918,915	$9,619,104	$(36,871,931)	$2,272,566	$24,938,654
Stock option expense	-	-	389,153	-	-	389,153
Share Issuance pursuant to						
Exercise of Warrants	21,000	7,561	-	-	-	7,561
Exercise of Options	380,000	86,950	-	-	-	86,950
Repurchase of Shares	(976,080)	(420,940)	(87,951)	-	-	(508,891)
Net income and comprehensive income for the period	-	-	-	(1,267,647)	-	(1,267,647)
Balance, March 31, 2023	**138,416,293**	**$49,592,486**	**$9,920,306**	**$(38,139,578)**	**$2,272,566**	**$23,645,780**
Share-based compensation expense	-	-	346,165	-	-	346,165
Share Issuance pursuant to						
Exercise of Warrents	-	2,141	(2,142)	-	-	-
Exercise of Options	50,000	65,120	(54,370)	-	-	10,750
Repurchase of Shares	(1,612,920)	(615,260)	8,888	-	-	(606,372)
Net loss and comprehensive loss for the year	-	-	-	1,228,164	-	1,228,164
Balance, September 30, 2023	**136,853,373**	**$49,044,488**	**$10,218,847**	**$(36,911,414)**	**$2,272,566**	**$24,624,487**
Stock option expense	-	-	389,153	-	-	389,153
Share Issuance pursuant to						
Exercise of Warrents	-	-	-	-	-	-
Exercise of Options	1,540,000	614,900	-	-	-	614,900
Repurchase of Shares	(976,080)	(420,940)	(284,301)	-	-	(705,241)
Net income and comprehensive income for the period	-	-	-	2,833,109	-	2,833,109
Balance, March 31, 2024	**137,417,293**	**$49,238,448**	**$10,323,699**	**$(34,078,305)**	**$2,272,566**	**$27,756,408**

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

1. NATURE OF THE BUSINESS

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

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

2. BASIS OF PREPARATION

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

The Board of Directors approved these interim condensed consolidated financial statements on May 14, 2024.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgments

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

Changes in Accounting Policies

Amendments to IFRS 9, Financial Instruments ("IFRS 9")

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

Amendments to IAS 37: Onerous Contracts ("IAS 37")

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of new accounting standards and amendments issued but not yet adopted

Amendments to IAS 1

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

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

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

Amendments to IAS 1 and IFRS Practice Statement 2

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

Amendments to IAS 12 – Income Taxes ("IAS 12")

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

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

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

4. INVENTORIES

Inventories consist of the following:

	March 31, 2024	September 30, 2023
Raw materials	$ 2,135,019	$ 1,714,606
Work in process	1,397,279	1,873,132
Finished goods	2,625,149	2,164,293
	$ 6,157,447	$ 5,752,031

During the quarter ended March 31, 2024, inventories in the amount of $ 2,641,173 (2023 - $1,668,732) were recognized as an expense through cost of goods sold. The allowance for inventory as at March 31, 2024 was $927,222, which is recognized in cost of goods sold (September 30, 2023 - $1,200,596). The allowance recognzied as at March 31, 2024, includes an amount related to our DxTM products.

5. PROPERTY, PLANT, AND EQUIPMENT AND LEASES

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

	Building and Leasehold Improvements	Research and Development Equipment	Other Equipment and Fixtures	Right of Use Assets	Land	Total
COST						
Balance, as at September 30, 2023	$ 6,265,678	$ 723,546	$ 7,898,200	$ 1,705,810	$ 800,000	$ 17,393,234
Additions	29,700	134,645	510,260	-	-	674,605
Balance, as at March 31, 2024	**6,295,378**	**858,191**	**8,408,460**	**1,705,810**	**800,000**	**18,067,839**
ACCUMULATED DEPRECIATION						
Balance, as at September 30, 2023	2,620,774	493,088	4,655,948	695,824	-	8,465,634
Depreciation	202,658	15,359	249,881	88,015	-	555,913
Balance, as at March 31, 2024	**2,823,432**	**508,447**	**4,905,829**	**783,839**	**-**	**9,021,547**
NET BOOK VALUE						
Balance, September 30, 2023	3,644,904	230,458	3,242,252	1,009,986	800,000	8,927,600
Balance, as at March 31, 2024	**$ 3,471,946**	**$ 349,744**	**$ 3,502,631**	**$ 921,971**	**$ 800,000**	**$ 9,046,292**

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

	Right-of-Use Assets		
	Property	Equipment	Lease Liabilities
Balance, September 30, 2023	$ 798,567	$ 211,419	$ 854,034
Additions	-	-	-
Depreciation Expense	(76,916)	(11,099)	-
Interest Accretion	-	-	14,643
Payments	-	-	(91,092)
Balance, March 31, 2024	**$ 721,651**	**$ 200,320**	**$ 777,585**
Current portion			$ 156,648
Non-current portion			620,937

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

Lease liabilities for leases entered during the quarter ended March 31, 2024 would have been discounted using an incremental borrowing rate of 9.5% (March 31, 2023 – 7.0%).

Lease obligations as at March 31, 2024 are:

	Amount
2024	$ 91,331
2025	153,410
2026	98,451
2027	95,606
2028	94,388
2029 and thereafter	350,693
Total	**$ 883,880**

6. INTANGIBLE ASSETS

Intangible assets consist of:

	Capitalized Development Costs Bioreactor	Patents and Trademarks QAPs	Kinlytic® License	Total
	(a)	(b)	(c)	
COST				
Balance, as at September 30, 2023	2,088,575	142,470	3,078,585	5,309,630
Additions	-	-	-	-
Balance, as at March 31, 2024	**2,088,575**	**142,470**	**3,078,585**	**5,309,630**
ACCUMULATED AMORTIZATION				
Balance, as at September 30, 2023	847,033	39,179	-	886,212
Amortization expense	69,619	7,124	153,929	230,672
Balance, as at March 31, 2024	**916,652**	**46,303**	**153,929**	**1,116,884**
NET BOOK VALUE				
Balance, as at September 30, 2023	1,241,542	103,291	3,078,585	4,423,418
Balance, as at March 31, 2024	**$ 1,171,923**	**$ 96,167**	**$ 2,924,656**	**$ 4,192,746**

6. INTANGIBLE ASSETS (Continued)

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

(a) Bioreactor

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

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

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

(c) Kinlytic®

The Company acquired the assets and rights pertaining to development, production, and licensing of Kinlytic® from ImaRX Therapeutics, Inc. in 2008. In Q4 2020, this intangible asset, which was not yet available for use and included in the Kinlytic cash generating unit ("CGU") was determined to be impaired and accordingly the Company had recognized an impairment charge of $3,078,585 during the year ended September 30, 2020.
On May 16, 2023 announced the execution of an agreement ("Agreement") to return Kinlytic® urokinase ("Kinlytic") to market. Its Agreement is with Sequel Pharma, LLC ("Sequel"), a specialty pharma company with expertise in developing and commercializing drugs for the U.S. The Agreement provides for Sequel to fund and undertake the necessary work to return Kinlytic® to the U.S. for the clinical indication of venous catheter clearance.

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

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

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

7. DEBENTURES

The Company has convertible debentures issued and outstanding as at March 31, 2024. The carrying values of the debt component of these debentures are as follows:

	Convertible debentures		Total convertible debentures
	(a)	(b)	
Date of issue	Oct, 2016	Oct, 2016	
Face value	$ 1,500,000	$ 2,500,000	$ 4,000,000
Liability component at the date of issue	461,550	780,750	-
Balance, September 30, 2023	652,631	1,136,763	1,789,394
Accretion	35,211	65,243	100,454
Repayments	-	-	-
Balance, March 31, 2024	**687,842**	**1,202,006**	**1,889,848**
Less: current portion	-	-	-
Non-current portion	687,842	1,202,006	1,889,848
Balance, March 31, 2024	**$ 687,842**	**1,202,006**	**1,889,848**
Equity component at March 31, 2023	**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 used term loans with the Business Development Bank ("BDC") for a variety of purposes. The following summarizes these loans as at March 31, 2024:

Term Loans with the Business Development Bank ("BDC")	(a)
Effective date of loan	Jun, 2008
Initial Loan Amount	$ 3,000,000
Balance, September 30, 2022	1,713,100
Proceeds from loan	-
Loan repayments during the period	(111,120)
Balance, September 30, 2023	$ 1,601,980
Proceeds from loan	-
Loan repayments during the period	(55,560)
Balance, March 31, 2024	**$ 1,546,420**
Current Portion	$ 111,120
Non-current portion	1,435,300
Payment frequency	Monthly
Maturity of loan	Feb, 2038
Terms of repayment	Principal and interest

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

The remaining BDC loan has a floating interest rate based on BDC's floating base rate less 1.0%. At March 31, 2024, the rate was 8.30% (2023 – 7.80%). The loan is secured with the building and equipment.

As at March 31, 2024, the commitments for the next five fiscal years and thereafter for the BDC loan is as follows:

	Amount
2024	$ 55,560
2025	111,120
2026	111,120
2027	111,120
2028	111,120
2029 and thereafter	$ 1,046,380

b) The Company has a $2,000,000 line of credit with its Chartered Bank that is available for use. This line of credit bears interest at prime plus 2% (9.2% on March 31, 2024). As at March 31, 2024 the Company had no funds drawn on the facility (March 31, 2023- nil). The Company's availability and usage of this facility varies across its manufacturing, sales and Accounts Receivable collection cycles.

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

c) On July 29, 2019, the Company signed an agreement with the Federal Economic Development Agency for Southern Ontario ("FedDev") to provide a repayable government contribution FedDev has agreed to contribute funding for 30% of the Business Scale-up and Productivity Project expenditures made by the Company, up to $2,752,500 over the following four years. The Company is required to submit eligible expenses on a quarterly basis to receive the interest-free contributions. On February 14, 2023 the Company agreed to an amendment to the original agreement providing an additional $840,000 of repayable contributions, increasing the total funding up to $3,592,500. Repayment of all contributions does not begin until April 15, 2025. On March 8, 2024 the agreement was further amended to extend the project completion date to September 30, 2024 and the repayment of all contributions will begin on October 15, 2025.

As at March 31, 2024, the Company has received contributions totalling $3,233,250 (March 31, 2023 – $3,161,996). The Company determined that the "Loan" consists of two components: an obligation to repay; and a government grant in the form of exemption from interest. The Company fair valued the obligation to repay at $2,117,358 (March 31, 2023 – $2,253,333), based on a discount rate of 8%, which represents management's best estimate of fair value. The residual amount of $1,115,892 (March 31, 2023 – $908,663) 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 March 31, 2024, $23,752 has been recognized as grant income within general and administrative expenses (March 31, 2023 - $132,183).

As at March 31, 2024, the carrying value of the Loan is $2,501,170 (March 31, 2023 – $2,253,333) and $363,480 is recognized as a deferred grant within deferred revenue on the consolidated statement of financial position (March 31, 2023 – $444,578).

The Company is in compliance with the covenants associated with this loan as at March 31, 2024.

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

Fiscal Years		Amount
2026	$	646,650
2027		646,650
2028		646,650
2029		646,650
2030		646,650

9. GOVERNMENT GRANT

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

9. GOVERNMENT GRANT (Continue)

On March 20, 2023, the Company announced an additional grant agreement with the Ontario Together Fund ("OTF") of the Ministry of Economic Development, Job Creation and Trade (the "Grant"). The Grant of $840,000 is to cover 30% of the cost to further expand our capabilities and capacity for manufacturing specialized products relating to diagnostic testing for infectious diseases. The Government of Ontario is supporting the expansions at Microbix's three adjacent sites in Mississauga. An initial Grant disbursement, upon execution of the agreement, in the amount of $504,000, was received on March 13, 2023. During fiscal 2023 $38,117 of grant income was recognized, along with $62,305 recognized to date in fiscal 2024. The remaining $403,578 is in deferred revenues. The remaining $336,000 of the grant will be paid upon project completion following a review of Eligible Project Expenditures incurred during the project.

10. SHARE CAPITAL

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

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

On December 8, 2023 the Company initiated new a Normal Course Issuer Bid ("NCIB") program for the repurchase and cancellation of outstanding common shares. In accordance with the rules of the Toronto Stock Exchange and as detailed in the Company's news release of December 6, 2023, the NCIB enables the Company to repurchase up to 5% of its common shares over a 12-month period. During this fiscal year 1,173,368 shares were repurchased as at March 31, 2024. At the end of the quarter 500,288 share were in treasury, awaiting cancellation.

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

	Number of Shares	Stated Capital
Balance, as at September 30, 2023	136,853,373	$ 49,044,488
Exercise of stock options	1,540,000	614,900
Stock repurchase and cancellation	(976,080)	(420,940)
Balance, as at March 31, 2024	**137,417,293**	**$ 49,238,448**

11. COMMON SHARE PURCHASE WARRANTS

A continuity of the Company's warrants outstanding as at March 31, 2024 is presented in the following table:

	Units	Weighted average exercise price
Balance, September 30, 2023	14,631,564	$ 0.53
Balance, March 31, 2024	**14,631,564**	**$ 0.53**

A summary of the Company's warrants outstanding as at March 31, 2024 and September 30,2023 is presented in the following table:

	March 31, 2024			September 30, 2023		
	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:						
$0.60 to $0.80	5,750,000	$ 0.80	0.13	5,750,000	$ 0.80	0.64
$0.30 to $0.36	8,881,564	0.36	0.84	8,881,564	0.36	1.34
	14,631,564	$ 0.53	0.56	14,631,564	$ 0.53	1.06

12. STOCK OPTION PLAN

Under the Company's stock option plan, the Company may grant options to purchase common shares up to a maximum of 10% of the Company's issued and outstanding common shares. Under the plan as at March 31, 2024, the Company has a total of 13,114,000 options (March 31, 2023 – 12,159,000) issued and is eligible to issue up to a total of 13,741,729 options.

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

12. STOCK OPTION PLAN (Continued)

The activity under the Company's stock option plan for quarter ended March 31, 2024 is as follows:

	Units	Weighted average exercise price
Balance, September 30, 2023	11,959,000	$ 0.43
Stock options exercised	(1,540,000)	$ 0.23
Stock options issued	2,795,000	$ 0.40
Stock options forfeited	(100,000)	$ 0.23
Balance, March 31, 2024	**13,114,000**	**$ 0.45**
Exercisable, March 31, 2024	**4,724,000**	**$ 0.43**

The exercise price of each option equals the closing market price of the Company's capital stock on the day preceding the grant date. The following table reflects the number of options, their weighted average price and the weighted average remaining contract life for the options grouped by price range as of March 31, 2024 and September 30, 2023:

	March 31, 2024			September 30, 2023		
	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 $0.73	5,294,000	$ 0.60	2.43	5,294,000	$ 0.60	2.93
$0.215 to $0.37	7,820,000	$ 0.34	3.42	6,665,000	$ 0.29	2.45
	13,114,000	$ 0.45	3.02	11,959,000	$ 0.43	2.77

The fair value of options granted during the quarter was estimated at the grant date using the Black-Scholes options pricing model, resulting in the following weighted-average assumptions:

Option Grant Dates	Feb 2024
Share price on issue date	$ 0.40
Dividend yield	0%
Volatility	63%
Risk-free interest rate	3.6%
Expected option life (years)	5
Weighted average fair value of each option ($ / option)	$ 0.22

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 $190,904 (2023 - $185,540).

13. INCOME (LOSS) PER SHARE

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

	for the three months ended March 31		for the six months ended March 31	
	2024	2023	2024	2023
Net income (loss) for the period for basic earnings per share	$ 377,730	$ 31,616	$ 2,833,109	$ (1,267,647)
Net income (loss) for the period for diluted earnings per share	377,730	31,616	2,833,109	(1,267,647)
Weighted average common shares outstanding	137,371,310	138,365,418	137,387,083	138,542,108
Dilutive Effect	1,745,719	8,257,995	820,602	-
Dilutive weighted average common shares outstanding	139,117,029	146,623,413	138,207,685	138,542,108
Net income (loss) per share:				
Basic	$0.003	$0.000	$0.021	$ (0.009)
Diluted	$0.003	$0.000	$0.021	$ (0.009)

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

	for the three months ended		for the six months ended	
	2024	2023	2024	2023
Pursuant to warrants	13,865,135	8,807,618	14,631,564	15,552,397
Under stock options	12,134,711	10,645,785	12,293,398	12,159,000
Pursuant to convertible debentures	17,391,304	17,391,304	17,391,304	17,391,304
	43,391,150	36,844,707	44,316,267	45,102,701

14. CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended March 31, 2024	Three months ended March 31, 2023	Six months ended March 31, 2024	Six months ended March 31, 2023
Accounts receivable	$ (600,870)	$ (289,378)	$ (287,859)	$ (69,957)
Inventory	(12,940)	(766,781)	(405,416)	(1,569,023)
Prepaid expenses and other assets	(277,772)	109,117	(421,295)	(28,440)
Deferred Revenue	576,936	(524,672)	(687,826)	401,740
Accounts payable and accrued liabilities	70,503	(183,151)	(244,973)	(295,002)
	$ (244,144)	$ (1,654,865)	$(2,047,369)	$ (1,560,683)

15. FINANCIAL EXPENSES, NET

For the period ended March 31	Three months ended March 31, 2024	Three months ended March 31, 2023	Six months ended March 31, 2024	Six months ended March 31, 2023
Cash interest:				
Interest on long-term debt	$ 32,308	$ 31,849	$ 65,266	$ 61,348
Interest on debentures	90,000	90,000	180,000	180,000
Interest other	-	101	30	614
Interest income	(151,584)	(110,055)	(266,206)	(207,933)
Non-cash interest:				
Accretion on debentures	52,097	38,676	100,455	74,577
Accretion interest expense	58,505	40,747	116,266	79,791
Financial expenses	$ 81,326	$ 91,319	$ 195,811	$ 188,397

16. CAPITAL MANAGEMENT

The Company's capital management objective is to safeguard its ability to function as a going concern while also maintaining and growing its operations and funding its development activities. Microbix defines its capital to include any drawn portion of the revolving line of credit, shareholders' equity, long-term debt, and debentures. The capital at March 31, 2024 was $33,693,847 (March 31, 2023 - $28,978,959).

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

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

17. FINANCIAL INSTRUMENTS

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

For the quarters ended March 31, 2024 and September 30, 2023, the Company has carried at fair value financial instruments in Level 1. At March 31, 2024, the Company's only financial instrument measured at fair value is cash, which is considered to be a Level 1 instrument. There were no transfers between levels during the quarter.

The three levels are defined as follows:

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.

17. FINANCIAL INSTRUMENTS (Continued)

	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-Mar-24	$ 12,873,087	-	-
Liabilities for which fair values are disclosed:				
Convertible debentures	31-Mar-24	-	1,889,848	-
Long-term-debt and other debt	31-Mar-24	-	4,047,590	-

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

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

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

18. SEGMENTED INFORMATION

The Company operates in two ways: (i) the development, manufacturing and sales of products relating to the medical diagnostics industry, namely antigens as test ingredients, quality assessment products to help ensure the accuracy of test workflows and viral transport medium to enable collection of patient test samples and, (ii) the development and commercialization of novel and proprietary products or technologies such as Kinlytic. The following is an analysis of the Company's revenues and profits from continuing operations for the quarters ended March 31, segmented between categories (i) and (ii) (including Kinlytic):

	For the three months		For the six months	
Segment revenue	2024	2023	2024	2023
Product Sales	$ 5,511,058	$ 4,104,396	$ 9,712,970	$ 6,441,705
Licensing Fees and Royalties	121,843	113,927	4,327,815	278,690
Total for continuing operations	$ 5,632,901	$ 4,218,323	$14,040,785	$ 6,720,395

	For the three months		For the six months	
Operating Income (Loss)	2024	2023	2024	2023
Product Sales	$ 353,611	$ (23,897)	$ (626,044)	$ (1,458,988)
Licensing Fees and Royalties	24,119	55,513	3,459,153	191,341
Total for continuing operations	$ 377,730	$ 31,616	$ 2,833,109	$ (1,267,647)

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

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

Segmented assets and liabilities are as follows:

	Segment assets		Segment liabilities	
	March 31 2024	September 30 2023	March 31 2024	September 30 2023
Product Sales	$ 34,997,558	$ 32,574,439	$ 10,165,806	$ 11,028,537
Licensing Fees and Royalties	2,924,656	3,078,585	-	-
Total for continuing operations	$ 37,922,214	$ 35,653,024	$ 10,165,806	$ 11,028,537

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

18. SEGMENTED INFORMATION (Continued)

Segmented depreciation and amortization, impairment of long-lived assets or reversal of impairment of long-lived assets and additions to non-current assets for the quarter ended March 31 are as follows:

	Depreciation and amortization		Additions to non-current assets	
	2024	2023	2024	2023
Product Sales	$ 327,189	$ 302,430	$ 674,605	$ 551,112
Licensing Fees and Royalties	76,965	-	-	-
	$ 404,154	$ 302,430	$ 674,605	$ 551,112

19. REVENUES AND GEOGRAPHIC INFORMATION

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

	For the three months		For the six months	
Revenues	2024	2023	2024	2023
North America	$ 3,637,270	$ 1,989,597	$ 11,507,028	$ 4,017,422
Europe	1,796,920	2,228,260	2,331,374	2,700,641
Other foreign countries (directly)	198,711	465	202,382	2,332
	$ 5,632,901	$ 4,218,323	$ 14,040,785	$ 6,720,395

	Non-current assets	
	March 31, 2024	September 30, 2023
North America	$ 13,239,038	$ 13,351,018
Europe	-	-
Other foreign countries (directly)	-	-
Balance, end of quarter	$ 13,239,038	$ 13,351,018

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

For the period ended March 31,	2024	2023
Balance, beginning of the quarter	$ 1,014,314	$ 1,482,150
Cash payments or advance payments on performance obligations	893,329	47,960
Revenue recognized during the quarter	(254,089)	(572,632)
Deferred government grant and loan (see notes 8 and 9)	(86,057)	596,420
Balance, end of quarter	$ 1,567,498	$ 1,553,898

19. REVENUES AND GEOGRAPHIC INFORMATION (Continued)

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

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

20. RELATED PARTY TRANSACTIONS

Key Management Compensation

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Short-term wages, bonuses and benefits	$ 397,670	$ 336,070
Share based payments	112,582	105,108
Total key management compensation	$ 510,253	$ 441,178

21. COMMITMENTS AND CONTINGENCIES

Payments on convertible debentures (Note 7)

	Amount
2024	$ 180,000
2025	360,000
2026	360,000
2027	360,000
2028	2,860,000
2029 and thereafter	1,539,497
	$ 5,659,497

Contingencies

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

DIRECTORS

Peter M. Blecher
Ontario, Canada
Medical Director
NeuPath Centre for Pain & Spine

Mark A. Cochran [2]
Virginia, USA
Managing Director (Retired)
Johns Hopkins Medicine

Vaughn C. Embro-Pantalony [1] [2]
Ontario, Canada
Pharmaceutical Executive

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

Martin A. Marino [1] [2]
Ontario, Canada
Pharmaceutical Executive

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

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

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

CORPORATE INFORMATION

Corporate Counsel	*Boyle & Co. LLP*
Auditors	*Ernst Young LLP* *Chartered Accountants*
Transfer Agent	*TSX Trust Company*
Bankers	*The Toronto Dominion Bank*
Head Office	Microbix Biosystems Inc. 265 Watline Avenue, Mississauga, Ontario Canada L4Z 1P3 Tel: 905-361-8910 Fax: 905-361-8911 www.microbix.com

SENIOR MANAGEMENT

Cameron L. Groome
Chief Executive Officer and President

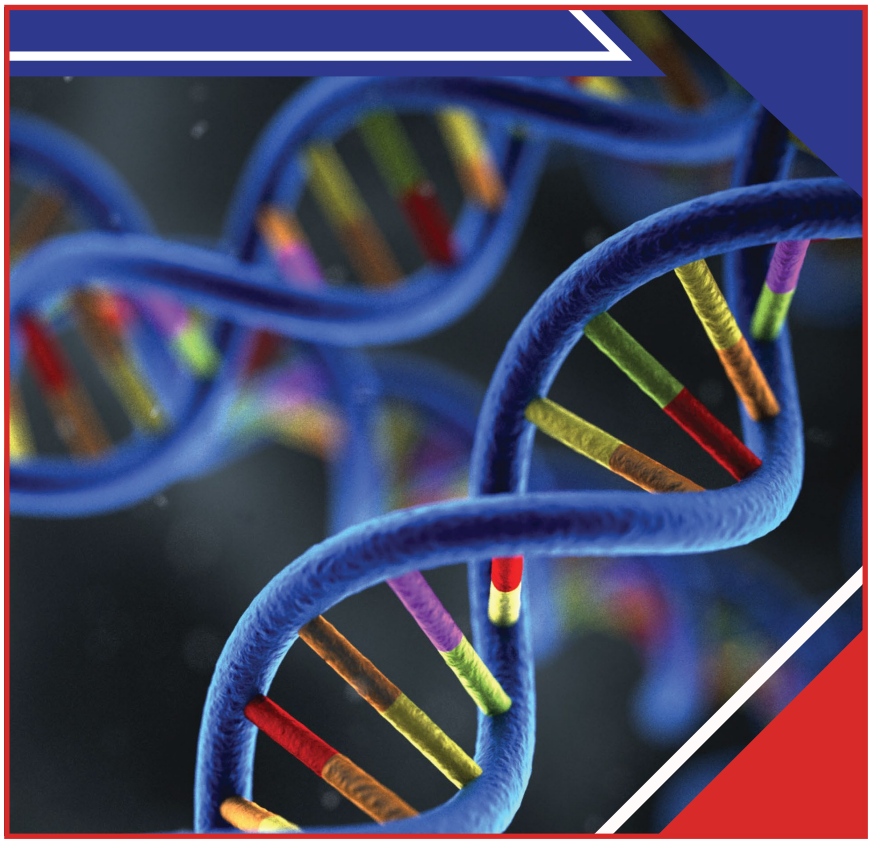
James S. Currie
Chief Financial Officer

Kenneth Hughes
Chief Operating Officer

Dr. Mark Luscher
Senior Vice-President, Scientific Affairs

Phillip Casselli
Senior Vice-President, Sales & Business Development

Christopher B. Lobb
General Counsel & Secretary



MICROBIX

265 Watline Avenue,
Mississauga, ON
Canada L4Z 1P3
Tel: 905-361-8910
Fax: 905-361-8911
1-800-794-6694
Web Site: www.microbix.com