

QBiotics Group Limited Interim Financial Report 31 December 2025

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Forward looking statements

This report contains forward looking statement which reflect the current beliefs and expectations of QBiotech. Statements may involve a number of known and unknown risks that could cause our future results, performance or achievements to differ significantly from those expressed or implied by such forward-looking statements. While these forward-looking statements reflect QBiotech's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. Many factors could cause QBiotech's actual results, performance or achievements to differ from those expressed in the forward-looking statements including risks relating to our ability to recruit patients for our clinical trials, uncertainty and disruption caused by environmental and geo-political developments, actions of regulatory bodies and other governmental authorities. Therefore, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, QBiotech does not undertake to publicly update or review any forward looking statements.

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Directors' Report



QBiotics Group Limited

Directors' report

For the period ended 31 December 2025

The directors of QBiotics Group Limited (the "Company" or "QBiotics Group") present their report together with the condensed consolidated financial statements for the period ended 31 December 2025 and the auditor's report thereon.

1. Directors

The directors of the Company in office during the period ended 31 December 2025 and at the date of this report (unless otherwise stated) are:

Name	Position
Simon Pollard	Interim Non-executive Chair, appointed 18 December 2025
Ebru Davidson	Interim Chief Executive Officer and Managing Director, appointed 18 December 2025
Dr Victoria Gordon	Non-executive Director up to 31 December 2025, subsequently Executive Director and Chief Strategy Officer
Dr Paul Reddell	Executive Director and Chief Scientific Officer
Mark Fladrich	Non-executive Chair, resigned 3 December 2025
Stephen Doyle	Managing Director and Chief Executive Officer, resigned 3 December 2025
Sergio Duchini	Non-executive Director, appointed 1 July 2025, resigned 3 December 2025
David Phillips	Non-executive Director, resigned 17 December 2025

On 23 January 2026, Michael Wenzel resigned as Company Secretary and Elissa Hansen was appointed as his replacement.

2. Review of operations

The principal activity of the group, comprising the Company and its subsidiaries (together referred to as "the Group"), during the period was the research and development of biologically active small molecules for application as human and veterinary pharmaceuticals.

The Group's primary focus during the year was on the research and development of the anticancer drug tigilanol tiglate and the wound healing drug candidate EBC-1013. The Group also progressed the early-stage research and development programmes for a topical antibiotic product.

QBiotics' assets are supported by compelling clinical data and grounded in robust, world-class science. The Company is focused on indications that represent commercially attractive and growing markets, which have limited or no effective competitive options, positioning the portfolio to address areas of significant unmet medical need.

Following is a summary of the major activities undertaken during the half year.

(a) Tigilanol Tiglate human oncology

Soft Tissue Sarcoma

Tigilanol tiglate, an intratumoural oncolytic small molecule currently in two Phase II human clinical trials, treating Soft Tissue Sarcoma (STS), and Head and Neck Cancers.

Prior to the current reporting period, Stage 1 of the Phase IIa clinical trial in STS (QB46C-H07) (STS Trial) demonstrated that tigilanol tiglate induced tumour necrosis in human STS patients resulting in an 80% Objective Response Rate (ORR) in injected tumours which was durable at 6 months.

During the current reporting period, compelling translational research findings from Stage 1 were presented by Principal Investigator Edmund Bartlett, MD, at the Connective Tissue Oncology Society (CTOS) Annual Meeting in Florida (November 2025). Translational research results demonstrate that tigilanol tiglate can induce a systemic T-cell response after local treatment. These data build on earlier investigator observations made by investigators outside of the clinical trial showing that patients with metastatic STS disease who were originally non-responsive to systemic therapy responded to systemic therapy after tigilanol tiglate was used as the treatment of their tumour.

QBiotics Group Limited

Directors' report

For the period ended 31 December 2025

2. Review of operations (continued)

The ongoing expansion phase (Stage 2) of STS Trial is open and enrolling patients at Memorial Sloan Kettering Cancer Centre (New York, USA) to further investigate the potential for tigilanol tiglate to reactivate the immune system and improve patient outcomes in individuals resistant to standard of care therapies.

In addition to the original study objectives from Stage 1, the protocol for Stage 2 includes a new primary objective - evaluating the effect of tigilanol tiglate on Objective Response Rate (ORR) by RECIST v1.1 and overall disease control (not limited to injected tumours). A new exploratory objective has also been introduced to assess metabolites following a single intratumoural injection of tigilanol tiglate. During the reporting period, the Company announced that the first three patients had been dosed in Stage 2 of the STS trial.

QBiotics has undertaken a substantial body of work to support a potential accelerated registration pathway for STS including the clinical and regulatory positioning of this indication.

Head and Neck Cancer

The multi-centre QB46C-H08 Phase II clinical trial in head and neck cancer is an open-label, single-arm study designed to evaluate the efficacy of tigilanol tiglate in patients with a broad range of solid tumours in the head and neck region.

Recruitment has been completed for this trial which has now transitioned into the data analysis and reporting phase. We expect to be in a position to share final data prior to 30 June 2026.

Key Opinion Leader members of QBiotics' Oncology Clinical Advisory Board convened in October 2025 to review the development progress of tigilanol tiglate and discuss strategic priorities for future activities.

(b) Development of the wound healing drug candidate EBC-1013

Recruitment of the first cohort in our first-in-human Phase I wound healing safety trial in Australia was completed. The study continues to recruit across four sites.

EBC-1013 is a topically applied semi-synthetic small molecule for the treatment of a wide range of chronic and acute wounds and burns. The clinical trial is a placebo-controlled, multi-centre, Phase I dose escalation trial to assess the safety and tolerability of EBC-1013 in patients with Venous Leg Ulcers (VLUs).

The Primary Objective of the trial is to assess the overall safety and local tolerability of a single topical application of escalating doses of EBC-1013 gel in patients with VLUs. Secondary and Exploratory Objectives include evaluation of systemic exposure resulting from a single application of escalating doses of EBC-1013, determination of the Anticipated Therapeutic Dose range for subsequent studies, and evaluation of the trajectory of the wound bed and healing response, in addition to assessment of the patient's quality of life.

During the period there have been a number of discussions with global leading clinicians in wound healing to provide advice on the development progress of EBC-1013 and discuss strategic priorities for Phase II development.

QBiotics participated in European Tissue Repair Society (ETRS) Annual Meeting in Cardiff, Wales where Chief Scientific Officer and Co-Founder, Dr Paul Redell presented a keynote presentation, titled "EBC-1013 From Lab to Clinic: The Scientific, Technical and Commercial Challenges in Developing a Novel Wound Healing Drug". Presentations on EBC-1013 & Epoxytigilane investigations were also made by Dr Jason K Cullen & Dr Emma Woods (QBiotics) and Prof David Thomas & Prof Ryan Moseley (Cardiff University).

(c) STELFONTA®

STELFONTA continued to be marketed and distributed across the European Union, the United Kingdom, Switzerland, the United States and Australia. As an innovative veterinary oncology therapeutic, STELFONTA requires ongoing clinician education and technical support to ensure high-quality, evidence-based use.

QBiotics Group Limited

Directors' report

For the period ended 31 December 2025

2. Review of operations (continued)

Post period, it was announced that the supply and distribution agreement with Virbac will not be renewed for a second term. QBiotics and Virbac are working closely together to finalise a transition plan that supports the ongoing supply of STELFONTA in the market. As part of this process, Virbac has issued a purchase order for a further 5,000 vials of STELFONTA, with delivery scheduled for 1 May 2026. QBiotics is actively progressing the identification of a new commercialisation partner and is committed to ensuring continuity of supply throughout the transition.

(d) QBiotics team

On 18 December 2025, Ebru Davidson was appointed as Interim Chief Executive Officer and Managing Director, and Simon Pollard appointed as Interim Chairman. These appointments followed the resignations of Stephen Doyle as Chief Executive Officer and Managing Director, Mark Fladrich as Chairman and Sergio Duchini as Non-executive Director on 3 December 2025, and David Phillips as Non-executive Director on 17 December 2025.

In addition, Co-founder and Non-Executive Director, Dr Victoria Gordon was appointed Chief Strategy Officer and Co-founder and Non-executive Director Dr Paul Reddell was reinstated as Chief Scientific Officer.

3. Results of operations

The Group reported a loss for the period ended 31 December 2025 of \$9,650,631 (period ended 31 December 2024: \$9,299,447) and recognised a R&D tax incentive of \$4,482,221 for the period ended on that date (period ended 31 December 2024: \$3,890,990) which the Group will be able to claim at the end of the financial year.

The Group reported revenue for the period ended 31 December 2025 of \$nil (period ended 31 December 2024: \$1,165,142). Revenue consists of STELFONTA® product sales, milestone revenue and sales-based revenues which have been recognised in line with the accounting policies set out in the Group's full annual financial statements for the year ended 30 June 2025.

The Group has \$13,509,274 in cash, cash equivalents and term deposits at 31 December 2025 (at 31 December 2024: \$39,219,509). Management continued to work diligently on extending the cash runway whilst maximising the value of product development for the Company.

4. Auditor's independence declaration

The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 21 and forms part of this directors' report for the period ended 31 December 2025.

This directors' report is made out in accordance with a resolution of the directors:



Simon Pollard
Interim Chair of the Board

Dated at Sydney this 6th day of March 2026.

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Condensed Consolidated Financial Statements



QBiotech Group Limited

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2025

	Note	31 Dec 2025 \$	31 Dec 2024 \$
Revenue	4	-	1,165,142
Government grants	5	4,490,451	3,890,990
Other income		3,591	13,494
Total income		4,494,042	5,069,626
Expenses			
Changes in inventories		-	226,513
Inventory purchases		130,024	119,070
Write-downs of inventories to net realisable value		416,340	1,185,801
Business compliance and advisory expenses		665,669	332,093
Depreciation and amortisation expenses		648,803	469,344
Occupancy expenses		187,944	132,753
Personnel expenses		5,521,222	6,724,634
Research and development contractors and related expenses		5,661,378	5,009,747
Marketing contractors and regulatory expenses		497,227	494,117
Technology and communications expenses		217,008	230,749
Travel and accommodation expenses		348,413	473,580
Other expenses		133,746	141,941
Total expenses		14,427,774	15,540,342
Results from operating activities		(9,933,732)	(10,470,716)
Finance income		399,450	1,206,296
Finance costs		(116,349)	(35,027)
Net finance income		283,101	1,171,269
Loss before tax		(9,650,631)	(9,299,447)
Tax expense		-	-
Loss for the period		(9,650,631)	(9,299,447)
Other comprehensive income		-	-
Total comprehensive income for the period		(9,650,631)	(9,299,447)
Attributable to:			
Owners of the Company		(9,650,631)	(9,299,447)
		Cents	Cents
Earnings per share:			
Basic earnings per share	6(a)	(1.97)	(1.90)
Diluted earnings per share	6(b)	(1.97)	(1.90)

The notes on pages 11 to 17 are an integral part of these condensed financial statements.

QBiotech Group Limited

Condensed consolidated statement of financial position

At 31 December 2025

	Note	31 Dec 2025 \$	30 Jun 2025 \$
Assets			
Cash and cash equivalents		9,131,177	10,293,631
Term deposits		4,378,097	15,461,142
Trade and other receivables	7	11,623,560	7,005,757
Contract assets		317,079	332,732
Inventory	8	173,453	589,793
Prepayments		2,476,014	2,936,228
Total current assets		28,099,380	36,619,283
Contract assets		158,338	152,894
Property, plant and equipment		2,613,001	3,015,616
Right-of-use assets		211,176	391,808
Intangible assets		339,911	358,101
Total non-current assets		3,322,426	3,918,419
Total assets		31,421,806	40,537,702
Liabilities			
Trade and other payables		2,824,744	2,227,064
Lease liabilities		209,901	330,000
Employee benefits		1,558,938	1,589,359
Total current liabilities		4,593,583	4,146,423
Lease liabilities		26,081	107,600
Provisions		27,100	26,106
Employee benefits		269,341	289,805
Total non-current liabilities		322,522	423,511
Total liabilities		4,916,105	4,569,934
Net assets		26,505,701	35,967,768
Equity			
Share capital	9	191,270,296	190,843,656
Share-based payments reserve	10	1,455,346	2,752,068
Accumulated losses		(166,219,941)	(157,627,956)
Total equity		26,505,701	35,967,768

The notes on pages 11 to 17 are an integral part of these condensed financial statements.

QBiotech Group Limited

Condensed consolidated statement of changes in equity

For the period ended 31 December 2025

	Note	Attributable to owners of the Company			Total equity \$
		Share capital \$	Share-based payments reserve \$	Accumulated losses \$	
Balance at 1 July 2025		190,843,656	2,752,068	(157,627,956)	35,967,768
Total comprehensive income for the period					
Loss for the period		-	-	(9,650,631)	(9,650,631)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(9,650,631)	(9,650,631)
Transactions with owners of the Company, recognised directly in equity					
<i>Contributions by owners</i>					
Options exercised	10	426,640	(426,640)	-	-
Share-based payment transactions	10	-	188,564	-	188,564
Transfer to accumulated losses	10	-	(1,058,646)	1,058,646	-
Total contributions by owners of the Company		426,640	(1,296,722)	1,058,646	188,564
Balance at 31 December 2025		191,270,296	1,455,346	(166,219,941)	26,505,701
Balance at 1 July 2024		189,989,433	2,997,840	(137,244,951)	55,742,322
Total comprehensive income for the period					
Loss for the period		-	-	(9,299,447)	(9,299,447)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(9,299,447)	(9,299,447)
Transactions with owners of the Company, recognised directly in equity					
<i>Contributions by owners</i>					
Options exercised	10	579,862	(579,862)	-	-
Share-based payment transactions	10	-	459,352	-	459,352
Transfer to accumulated losses	10	-	(196,589)	196,589	-
Total contributions by owners of the Company		579,862	(317,099)	196,589	459,352
Balance at 31 December 2024		190,569,295	2,680,741	(146,347,809)	46,902,227

The notes on pages 11 to 17 are an integral part of these condensed financial statements.

QBiotics Group Limited

Condensed consolidated statement of cash flows

For the period ended 31 December 2025

	Note	31 Dec 2025 \$	31 Dec 2024 \$
Cash flows from operating activities			
Cash received from:			
Customers		-	832,923
Research and development tax incentive received		-	7,366,757
GST and VAT refunds		344,998	389,622
Other income		8,230	8,008
Cash paid to suppliers and employees		(12,990,598)	(13,413,859)
Net cash used in operating activities		(12,637,370)	(4,816,549)
Cash flows from investing activities			
Interest received		651,921	978,647
Transfers from term deposits		11,083,045	7,090,828
Acquisition of property, plant and equipment		(45,476)	(129,515)
Proceeds from sale of property, plant and equipment		2,909	21,818
Net cash from investing activities		11,692,399	7,961,778
Cash flows from financing activities			
Payment of lease liabilities		(217,483)	(314,155)
Net cash used in financing activities		(217,483)	(314,155)
Net increase in cash and cash equivalents		(1,162,454)	2,831,074
Cash and cash equivalents at 1 July		10,293,631	6,927,293
Cash and cash equivalents at 31 December		9,131,177	9,758,367

Cash and cash equivalents at 31 December 2025 referred to above does not include term deposits of \$4,378,097 (31 December 2024: \$29,461,142) disclosed separately in the statement of financial position.

The notes on pages 11 to 17 are an integral part of these condensed financial statements.

QBiotics Group Limited

Notes to the condensed consolidated financial statements

For the period ended 31 December 2025

1. Corporate information

QBiotics Group Limited (the “Company” or “QBiotics Group”) is a public unlisted company domiciled in Australia. The Company’s registered office changed to Level 6, 25 King Street, Bowen Hills Qld 4006 during the period ended 31 December 2025. These condensed consolidated financial statements (“interim financial statements”) as at and for the period ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as “the Group”). At 31 December 2025, the Company had four legal subsidiaries, QBiotics Pty Ltd (“QBiotics”), EcoBiotics Pty Ltd (“EcoBiotics”), QBiotics Netherlands B.V. (“QBiotics Netherlands”) and QBiotics UK Limited (“QBiotics UK”).

The Group is for-profit and primarily is involved in the development of drugs for the human and veterinary markets.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for QBiotics Group as at and for the year ended 30 June 2025.

The interim financial statements were authorised for issue by the directors on the date shown on the directors’ declaration.

(b) Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of QBiotics as at and for the year ended 30 June 2025 other than in respect of estimating the net realisable value of raw materials and work in progress inventory as set out in Note 6.

(c) Material accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the year ended 30 June 2025.

(d) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business.

The Group has a history of losses. For the six months ended 31 December 2025, the Group incurred a loss of \$9,650,631 (six months ended 31 December 2024: \$9,299,447) and had net cash outflows from operating activities of \$12,637,370 (six months ended 31 December 2024: \$4,816,549). As of 31 December 2025, the Group had cash and cash equivalents and term deposits of \$13,509,274 (30 June 2025: \$25,754,773) and net current assets of \$23,505,797 (30 June 2025: \$32,472,860).

The ability of the Group to continue as a going concern and be able to pay its debts as and when they fall due is contingent upon periodic capital raising to support research and development activities. To that end, the Group monitors cashflow closely against a detailed cashflow forecast which is periodically updated in line with actuals and changes in anticipated future spend to ensure the Group operates as a going concern. The combined cash position and forecast is reviewed by the Directors who continue to assess the funding requirements of the Group, including the potential to raise capital or consider other sources of financing, if required.

QBiotics Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

2. Basis of preparation (continued)

(d) Going concern (continued)

On 25 March 2025 the Group announced the appointment of joint lead managers to advise upon and assist with a potential initial public offering (IPO) on the Australian Securities Exchange in the 2025 calendar year. Subsequently, there has been several changes to the Board and key management personnel. The refreshed Board has decided that it will proceed with a capital raise prior to 30 June 2026 and will consider the timing of the IPO in the future subject to market conditions and other relevant factors. A timeline has been developed for delivering the upcoming capital raise by 30 June 2026 and due diligence activities have been commenced. The Board is also considering the possibility of financing its current year R&D tax incentive receivable.

Should additional funding not be obtained there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements. The Directors have prepared the accounts on a going concern basis. No adjustments have been made to the financial statements relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the group not continue as a going concern.

3. Operating segments

(a) Basis of segmentation

The Board has been identified as the Group's chief operating decision maker. The Board assesses the financial performance and position of the Group and makes strategic decisions. The Group is primarily involved in the development of pharmaceuticals for the human and veterinary markets and has one revenue generating product, STELFONTA®. Consequently, the Group only has one reportable operating segment. All assets and liabilities are attributable to the single segment.

(b) Geographic information

The Group's revenues are generated from customers located in France and the US, no sales were made during the six months ended 31 December 2025. The Group's non-current assets are in Australia, the US, France and the United Kingdom.

(c) Major customer

Revenues from one customer of the Group's commercial segment represents all of the Group's total revenues.

4. Revenue

(a) Disaggregated revenue

The Group's revenue disaggregated is as follows:

	31 Dec 2025	31 Dec 2024
	\$	\$
Point in time		
Fixed fee product sales	-	796,730
Variable consideration - milestone revenues	-	91,345
Variable consideration - sales-based revenues	-	277,067
Total drug sale revenue	-	1,165,142

QBiotech Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

4. Revenue (continued)

(b) Contract assets

	31 Dec 2025	30 June 2025
	\$	\$
Balance at 1 July	485,626	976,934
Revenue recognised	-	(140,888)
Amount invoiced	-	(438,639)
Foreign exchange movements in asset	(10,209)	88,219
Balance	475,417	485,626
Current contract assets	317,079	332,732
Non-current contract assets	158,338	152,894
Total contract assets	475,417	485,626

5. Government grants

The Group undertakes research and development activities which are eligible for tax incentives under the Australian Government's *R&D Tax Incentive* at the rate of 43.5% (2024: 43.5%) of eligible research and development costs. Management assesses the Group's activities and expenditures to determine which are eligible for the incentive. Where expenditure is incurred outside Australia, an "overseas finding" must be obtained from AusIndustry in order for the expenditure to be eligible for the incentive. Incentives are only recognised in profit or loss once an overseas finding certificate has been received in respect of activities undertaken overseas.

Eligible research and development costs incurred during the year include expenses from all expenditure categories disclosed by nature in the statement of profit or loss and other comprehensive income.

At 31 December 2025 an amount of \$3,344,810 (2024: \$3,890,990) has been recognised as a government grant related to activities undertaken since 1 July 2025. A further \$1,137,411 (2024: \$nil) of government grant related activities related to the year ended 30 June 2025 was recognised during the period after the Group received the required overseas finding certificate which provided reasonable assurance that the grant would be received.

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2025 was based on the loss attributable to ordinary shareholders of \$9,650,631 (six months ended 31 December 2024: loss of \$9,299,447) and a weighted average number of ordinary shares calculated as follows:

	31 Dec 2025	31 Dec 2024
	#	#
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	489,512,621	488,429,663
Effect of ordinary shares issued during the period	155,742	120,251
Weighted average number of shares	489,668,363	488,549,914

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six-month ended 31 December 2025 was based on the loss attributable to ordinary shareholders of \$9,650,631 (six months ended 31 December 2023: loss of \$9,299,447) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2025 of 489,668,363 (six months ended 31 December 2024: 488,549,914).

At 31 December 2025 and 31 December 2024 all ordinary share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

QBiotech Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

7. Trade and other receivables	31 Dec 2025	30 Jun 2025
	\$	\$
Trade receivables	384,569	189,135
Accrued interest	42,806	295,429
Amount due from related party (Note 12(b))	205,872	13,100
R&D Tax Incentive receivable	10,990,313	6,508,092
Total trade and other receivables	11,623,560	7,005,756

8. Inventories

Current	173,453	589,793
Non-current	-	-
Total inventories	173,453	589,793
Work in progress	173,453	589,793
Total inventories	173,453	589,793
Gross inventory	2,526,843	2,526,843
Less provisions	(2,353,390)	(1,937,050)
Total inventories	173,453	589,793

Finished goods valued at \$nil were sold and included in profit and loss as an expense in Changes in inventories (2024: \$220,892).

The write-downs of work in progress inventories to net realisable value increased by \$416,340 during the period ended 31 December 2025.

The write-downs of inventories to net realisable value increased by \$1,010,693 during the year ended 30 June 2025 due to recognising:

- \$309,345 as a write-down of raw materials and finished goods;
- \$1,065,306 as a write-down of work in progress; and
- \$363,958 as a reversal of prior year write-downs for finished goods valued at \$91,738 and work in progress valued at \$271,119 disposed of due to expiry and finished goods valued at \$1,101 were used in testing. The reversal of the write-down of inventory disposed of had no effect on profit or loss for the year ended 30 June 2025.

9. Share capital

(a) Movements in share capital

	Ordinary shares		Share capital	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	#	#	\$	\$
1 July to 31 December				
On issue at 1 July	489,512,621	488,429,663	190,843,656	189,989,433
Exercise of share options	561,891	596,948	426,640	579,862
On issue at 31 December				
– fully paid	490,074,512	489,026,611	191,270,296	190,569,295

QBiotech Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

9. Share capital (continued)

(a) Movements in share capital (continued)

Ordinary shares

Key transactions during the six months ended 31 December 2025

On 11 November 2025, the Company issued 561,891 new shares following the exercise of vested zero exercise price options. The fair value of 287,069 of the options was \$1.109 per option and the remaining 274,822 options had a fair value of \$0.3940 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$426,640 was transferred from the Company's share-based payment reserve to share capital.

Key transactions during the six months ended 31 December 2024

On 5 November 2024, the Company issued 306,707 new shares following the exercise of vested zero exercise price options. Of the 306,707 options, 26,674 had a fair value of 0.394 per option, 96,959 had a fair value of 0.579 per option, 20,475 had a fair value of \$1.359 per option and the remaining 162,599 options had a fair value of \$1.422 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$325,690 was transferred from the Company's share-based payment reserve to share capital.

On 16 December 2024, the Company issued 290,241 new shares following the exercise of vested zero exercise price options. Of the 290,241 options, 63,063 had a fair value of 0.394 per option, 111,178 had a fair value of 0.579 per option, and the remaining 116,000 options had a fair value of \$1.422 per option. The fair value of the options exercised was calculated at the time of granting using the Black-Scholes Merton formula. Consequently, \$254,172 was transferred from the Company's share-based payment reserve to share capital.

(b) Dividends

No dividends have been paid or declared by the Company since the Company was incorporated.

10. Share-based payments reserve

(a) Movements in share-based payments reserve

	31 Dec 2025	31 Dec 2024
	\$	\$
Balance at 1 July	2,752,068	2,997,840
Share-based payments recognised during the period	188,564	459,352
Amount transferred to share capital	(426,640)	(579,862)
Amount transferred to accumulated losses	(1,058,646)	(196,589)
Total share-based payments reserve	1,455,346	2,680,741

During the period, the Company recognised \$188,564 (six months ended 31 December 2024: \$459,352) of share-based payments to employees and directors in personnel expenses.

Options granted and cancelled

During the six months ended 31 December 2025

On 30 July 2025, the Company issued a total of 581,767 options to its non-executive directors under its non-executive director option plan. The options are in lieu of cash compensation for directors' fees and will vest on 29 July 2026. In December 2025, 261,416 of the options were forfeited on the retirement of three non-executive directors and a further 61,863 were forfeited when a non-executive director became an executive director. The options are zero priced, have an expected life of 18 months, and had a fair market value of \$0.404 per option at the time of the grant.

During October and December 2025, 1,702,591 options that were part of the long-term incentive plan were cancelled following the resignation or redundancies of three employees.

QBiotech Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

10. Share-based payments reserve (continued)

(a) Movements in share-based payments reserve (continued)

During the six months ended 31 December 2024

On 31 July 2024, the Company issued a total of 676,819 options to its non-executive directors under its non-executive director option plan. The options are in lieu of cash compensation for directors' fees and will vest on 31 July 2025. In November 2024, 136,152 of the options were cancelled and 89,737 options were vested early on the retirement of two non-executive directors. The options are zero priced, have an expected life of 18 months, and had a fair market value of \$0.394 per option at the time of the grant.

On 26 August 2024, the Company issued a total of 4,763,254 options to its senior employees under its long-term incentive plan. The options will vest if employees have met the three-year service condition and are subject to share price based performance hurdles being met by 31 July 2027. Once exercised, shares issued under the plan are subject to a two-year holding lock. The options were valued using a Monte Carlo simulation and were valued at \$0.06 per option at the time of grant.

On 2 September 2024, the Company issued 532,995 options to a senior employee. 266,497 of the options will vest on 2 September 2025 and have an expected life of 18 months with the remaining 266,498 vesting on 2 September 2026 and have an expected life of 30 months. The options are zero priced and had a fair market value of \$0.384 per option at the time of the grant.

On 22 October 2024, the Company issued 166,916 options to non-executive directors under its non-executive director option plan. Of these 126,904 will vest on 15 March 2025 and have an 11-month effective life. The remaining 40,012 will vest on 21 October 2025 and have an 18-month effective life. The options are zero priced and had a fair market value at issue of \$0.394 per option at the time of the grant.

On 6 November 2024 and 22 November 2024, the Company issued 41,096 and 7,665 options respectively to non-executive directors under its non-executive director option plan. The options will vest on 6 November 2025 and 22 November 2025 respectively. The options are zero priced, have an expected life of 18 months, and had a fair market value at issue of \$0.395 per option at the time of the grant.

11. Financial instruments

(a) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2025.

(b) Fair values

The fair values of cash and cash equivalents, term deposits, trade and other receivables, trade and other payables and current employee benefits approximate their carrying amounts shown in the condensed consolidated statement of financial position.

12. Related parties

(a) Key management personnel compensation

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and other long-term benefits. Key management personnel received total compensation of \$1,916,814 for the six months ended 31 December 2025 (six months ended 31 December 2024: \$1,726,142).

(b) Key management personnel transactions

Key management personnel of the Company control 13.10% (30 June 2025: 13.01%) of the voting shares of the Company.

QBiotics Group Limited

Notes to the condensed consolidated financial statements (continued)

For the period ended 31 December 2025

12. Related parties (continued)

(b) Key management personnel transactions (continued)

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

From time to time these entities transacted with the Group. The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which may reasonably be expected to be available, on similar transactions to non-director related entities.

Cash based transactions	Transaction value		Balance outstanding at	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	30 Jun 2025
	\$	\$	\$	\$
The Group rents premises from Dr Gordon and Dr Reddell. The lease contract terms are based on market rates and are payable on a monthly basis.	20,000	18,566	-	-
The Group contracts Dr Gordon to provide adhoc consulting services. The contract is based on market rates and invoices are payable within 30 days.	143,616	-	74,854	-
The Group sold a motor vehicle to Dr Gordon in June 2025. The sale was based on the market value of the car and the amount was collected in July 2025.	-	-	-	13,100
Repayment by Dr Reddell of annual leave and long service leave entitlements reinstated after termination being overturned.	-	-	205,872	-

13. New standards and interpretations adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025, these have been adopted and have not had a significant impact on the Group's consolidated financial statements.

14. Subsequent events

On 12 February 2026, the Company collected \$7,645,503 related to the R&D Tax Incentive receivable for the year ended 30 June 2025. The amount was included in Trade and other receivables at 31 December 2025 (30 June 2025: 6,508,092).

On 27 February 2026, the Company announced that the Supply and Distribution agreement with Virbac for STELFONTA® would not be renewed for a second term. The STELFONTA® trademarks, branding and stelfonta.com website continue to be owned by QBiotics, consistent with the Company's established product portfolio and the Company retains the flexibility to onboard a new distributor or manage distribution directly if required.

QBiotech Group Limited

Directors' declaration

In the opinion of the directors of QBiotech Group Limited (the "Company"):

- (a) the condensed consolidated interim financial statements and notes that are set out on pages 11 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 6th day of March 2026.



Simon Pollard
Interim *Chair of the Board*

Independent Auditor's Review Report

To the Members of QBiotics Group Limited

Report on the interim financial report

Conclusion

We have reviewed the accompanying interim financial report of QBiotics Group Limited (the Company) and its subsidiaries (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of QBiotics Group Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's responsibilities for the review of the interim financial report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates that the Group incurred a net loss of \$9,650,631 and had net cash outflows from operating activities of \$12,637,370 during the half-year ended 31 December 2025 and will require additional funding to support its research activities. As stated in Note 1(d), these events or conditions, along with other matters as set forth in Note 1(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

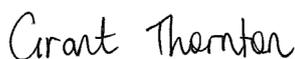
Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



L M Worsley
Partner – Audit & Assurance

Sydney, 6 March 2026

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Auditor's Independence Declaration

To the Directors of QBiotics Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of QBiotics Group Limited for the half year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants

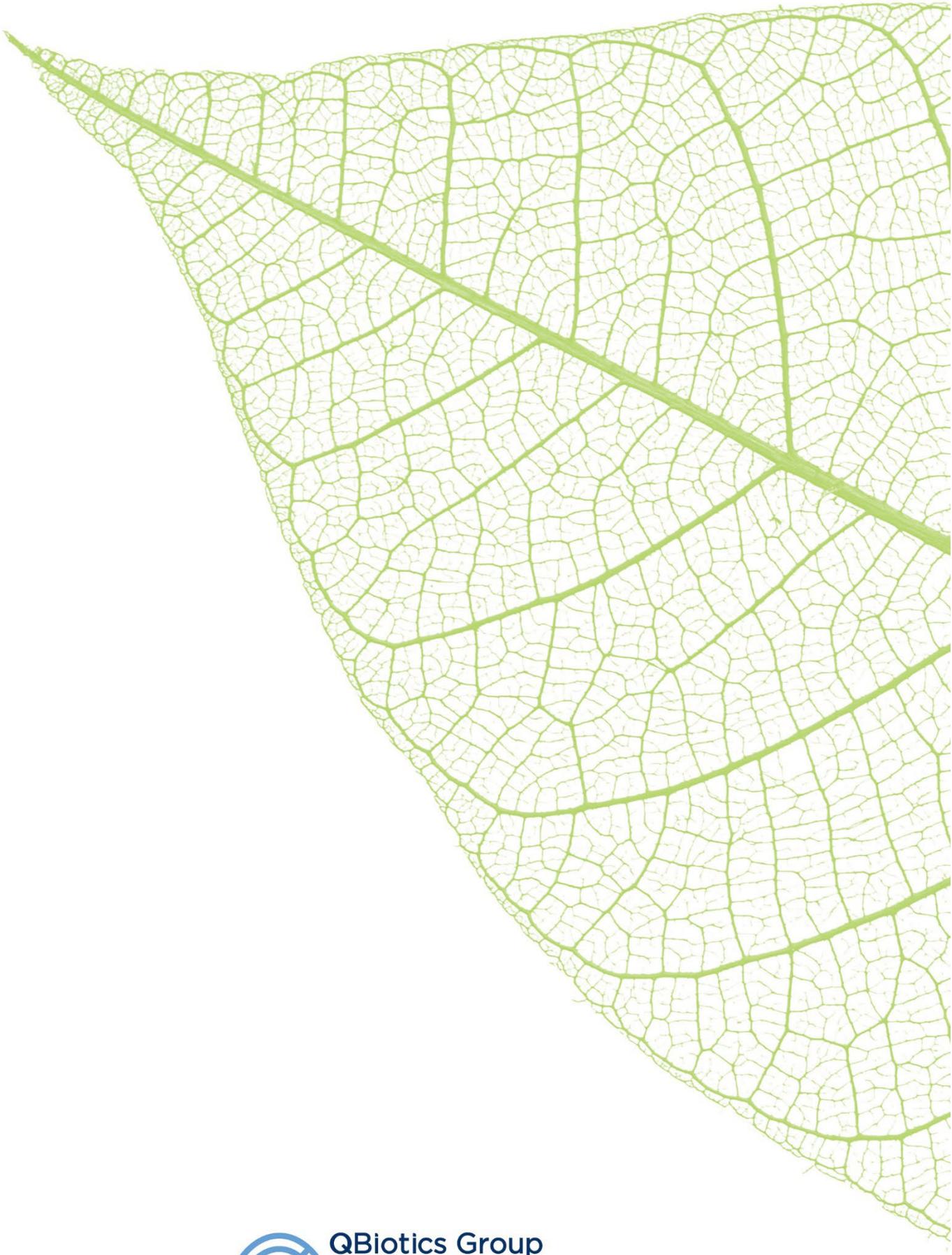


L M Worsley
Partner – Audit & Assurance

Sydney, 6 March 2026

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QBiotics Group

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