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News Release

Microbix Reports Results for Q1 Fiscal 2023

Sales of \$2.5 million, Net Loss of \$1.3 million

MISSISSAUGA, February 9, 2023 - Microbix Biosystems Inc. (TSX: MBX, OTCQX: MBXBF, Microbix®), a life sciences innovator, manufacturer, and exporter, reports results for its first quarter ended December 31, 2022 (“Q1”), a period in which reduced sales across two major product lines resulted in the first quarterly net loss in two years. Microbix remains well-capitalized and is targeting to continue increasing sales of its testing-related medical devices and ingredients, thereby growing sales, margins, and earnings.

Management Discussion

Q1 sales were \$2.5 million, meaningfully below the past several quarters. This sales decline was due to zero sales of viral transport medium (“DxTM™”) as a result of the ongoing reorganization of provincial procurement, lower sales of test ingredients (“Antigens”) caused by the timing of deliveries being outside of Q1, and delays in order-flow of quality assessment products (“QAPs™”). The resulting reduction in gross margin dollars created a meaningful net loss for Q1. For the balance of fiscal 2023, Microbix expects increasing sales of both Antigens and QAPs to enable it to generate positive net earnings for the full-year of fiscal 2023 – for a third consecutive year of profitability, as well as there being further activity with the company’s portfolio of liquid sample stabilization devices, including DxTM.

Quarter Ending December 31, 2022 (“Q1”)

Q1 revenue was \$2,502,072, a decrease from Q1 2022 revenues of \$4,855,600. Included were antigen sales of \$1,003,807 (2021 - \$1,766,416). QAPs revenues were \$1,333,503 (2021 - \$1,149,151) for segment growth of 16%. In turn, revenue from DxTM was zero in Q1 (2021 - \$1,817,245), and royalties were \$164,762 (2021 - \$122,787). The Q1 2022 sales shortfall was most influenced by lack of Ontario-driven deliveries of DxTM and weaker antigen sales due to order timing, which were only partly offset by continued diagnostics industry uptake of QAPs.

Q1 gross margin was 47%, down from 66% in Q1 2021 and due to a high proportion of sales of lower-margin antigens, a lack of DxTM sales, and the impact of a supplier quality issue collectively more than offsetting ongoing growth in QAPs sales. In addition, Microbix continues to see double digit increases in supply chain costs, which take time to pass-through into product pricing.

Operating expenses in Q1 increased by 6% relative to Q1 2022, due mainly to increased investment in IT infrastructure to support our continued growth objectives - namely start-up costs relating to our “ERP” and “eQMS” implementations. Finance expenses were lower than the prior year due to repayment of debt during fiscal 2022 and short-term investment of cash balances. Overall, weaker sales led to an operating loss and net loss of \$1,299,262 versus a Q1 2022 operating income and net income of \$880,778. Cash used in operating activities was \$713,867, compared to cash used in operating activities of \$284,014 in Q1 2022, with the majority of the change coming from the operating loss incurred during the quarter.

At the end of Q1, Microbix's current ratio (current assets divided by current liabilities) was 6.32 and its debt to equity ratio (total debt over shareholders' equity) was 0.39.

Financial Highlights

As at and for the quarter ended	December 31, 2022	December 31, 2021
Total Revenue	\$ 2,502,072	\$ 4,855,600
Gross Margin	1,185,975	3,221,858
SG&A Expenses	1,963,201	1,635,869
R&D Expense	424,958	464,461
Financial Expenses	97,078	240,750
Operating Income for the period	(1,299,262)	880,778
Net Income and Comprehensive Income for the period	(1,299,262)	880,778
Cash Provided (Used) by Operating Activities	(713,867)	(284,014)
	December 31, 2022	September 30, 2022
Cash	12,425,322	13,488,075
Accounts receivable	2,838,376	3,057,797
Total current assets	22,065,997	22,408,372
Total assets	32,693,681	33,145,196
Total current liabilities	3,489,193	2,650,521
Total liabilities	9,232,431	8,206,541
Total shareholders' equity	23,461,250	24,938,655
Current ratio	6.32	8.45
Debt to equity ratio	0.39	0.33

Corporate Outlook

Microbix will continue working to drive sales growth across its three revenue-generating business lines, and on improving percentage gross margins and driving bottom-line results. Management currently expects Microbix to generate meaningful net earnings growth across full-year fiscal 2023. Additionally, work continues upon securing a partnership to advance its Kinlytic® urokinase project.

Adelaide Capital will host a live webinar with management on Tuesday, February 14 at 11am ET. Please register here: https://us02web.zoom.us/webinar/register/WN_FZVtajDxSRSS8iFmeCEXkA. It will also be live-streamed to YouTube at: https://www.youtube.com/channel/UC7Jpt_DWjF1qSCzfKlpLMWw.

A replay of the webinar will also be made available on Adelaide Capital's YouTube channel.

About Microbix Biosystems

Microbix creates proprietary biological products for human health, with over 100 skilled employees and annualized sales targeting C\$ 2.0 million per month. It makes a wide range of critical ingredients and devices for the global diagnostics industry, notably antigens for immunoassays and its laboratory quality assessment products (QAPs™) that support clinical lab proficiency testing, enable assay development and validation, or help ensure the quality of clinical diagnostic workflows. Its antigens drive the antibody tests of over 100 diagnostics makers, while QAPs are sold to clinical laboratory accreditation organizations, diagnostics companies, and clinical laboratories. Microbix QAPs are now available in over 30 countries, distributed by IWA (Oneworld Accuracy Inc.), Alpha-Tec Systems, Inc., Diagnostic International Distribution SpA., Labquality Oy, The Medical Supply Company of Ireland, Neo-Science Equipment LLC, R-Biopharm AG, SDT Molecular Pte Ltd, Seegene Canada Inc., and Thomas Scientific LLC. Microbix is ISO 9001 and 13485 accredited, U.S. FDA registered, Australian TGA registered, Health Canada establishment licensed, and provides CE marked products.

Microbix also applies its biological expertise and infrastructure to develop other proprietary products and technologies, most notably viral transport medium (DxTM™) to stabilize patient samples for lab-based molecular diagnostic testing and Kinlytic® urokinase, a biologic thrombolytic drug used to treat blood clots. Microbix is traded on the TSX and OTCQX, and headquartered in Mississauga, Ontario, Canada.

Forward-Looking Information

This news release includes “forward-looking information,” as such term is defined in applicable securities laws. Forward-looking information includes, without limitation, discussion of financial results or the outlook for the business, risks associated with its financial results and stability, its current or future products, 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 news release and represent the Company’s judgement as of the date of this new release, and the Company is under no obligation to update or alter any forward-looking information.

Please visit www.microbix.com or www.sedar.com for recent Microbix news and filings.

For further information, please contact Microbix at:

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