

June 9, 2022



Enzo Biochem Reports Third Quarter Fiscal 2022 Results and Provides Leadership and Corporate Updates Including Engagement of Jefferies as Financial Advisor

- *Third quarter revenue of \$26.2 million declined sequentially and year over year due to the anticipated waning of COVID-19 volumes and the economic shutdowns in Asia*
- *Received approval from New York State Department of Health for its AMPIPROBE® HPV Molecular Diagnostic tests available on the GENFLEX® platform, as well as approvals on additional sample types around chlamydia, gonorrhea and trichomonas*
- *Appointed and hired several new executive management team members in the quarter to position the Company for continued growth*
- *Engaged world class investment bank to provide advisory services including the evaluation of strategic alternatives for the Company, its Enzo Clinical Lab and Enzo Life Sciences divisions and its various assets*
- *Enzo Life Sciences (ELS) revenue of \$7.6 million in Q3 was consistent year over year and increased 9% on a year-to-date basis, demonstrating stability in the ELS customer base*
- *Enzo Clinical Lab (ECL) routine revenue increased 10% and overall non-COVID revenue increased 3% on a year-over-year basis*

**Conference call and live webcast scheduled for tomorrow,
Friday, June 10, 2022 at 8:30 am (ET)**

NEW YORK, June 09, 2022 (GLOBE NEWSWIRE) -- Enzo Biochem, Inc (NYSE: ENZ), a leading biosciences and diagnostics company, today reported financial results for the third fiscal quarter ended April 30, 2022, and provided a business update on recent corporate and operational developments.

“Over the past months, we undertook key steps designed to increase our efficiency, enlarge our revenue base, and position ourselves for new levels of growth in our Enzo Life Sciences division sales and core diagnostic laboratory services,” said Hamid Erfanian, Enzo’s Chief Executive Officer. “We are on the path for full Lab Developed Test (LDT) regulatory submission this year on our molecular platform and added 43 new tests within our clinical lab. In addition to expanding the roles of our CFO and COO, we augmented our management team through several new key hires. This leaves us well positioned as we work to execute on key elements of our ‘Focused Return’ strategy, which include expanding our

Farmingdale campus in preparation for anticipated growth and leveraging our life sciences expertise to broaden the reach of our diagnostic platforms. We accomplished all this while remaining on track to achieve an additional \$5 million in operational savings this calendar year, highlighting the advantages of the fully integrated ‘end-to-end’ approach linking the life sciences, clinical labs, and diagnostic pillars of our business. We are also pleased to engage with one of the premier healthcare banking firms to assist with strategic initiatives. To this end, we recently engaged Jefferies LLC, a multinational independent investment bank, to provide advisory services including the evaluation of strategic alternatives for the Company, its Enzo Clinical Lab and Enzo Life Sciences divisions and its various assets.”

Recent Business Highlights

- Received approval from the New York State Department of Health for the AMPIPROBE® HPV tests, Enzo’s PCR-based tests that are designed to detect 14 high-risk human papillomavirus (HPV) variants. HPV testing is part of Enzo’s focus on women’s health, sexually transmitted infections, and oncology and leverages the Company’s long history in HPV detection.
- In April 2022, the Company announced the approval of all four proposals presented at the 2022 Annual Meeting of Shareholders. These modifications improve the Company’s corporate governance and allow the newly formed leadership team to further prioritize shareholder-friendly initiatives. Investor participation at the 2022 meetings was indicative of continued support for management going forward.
- Recently engaged Jefferies LLC to provide advisory services including the evaluation of strategic alternatives for the Company, its Enzo Clinical Lab and Enzo Life Sciences divisions and its various assets.
- Appointed David Bench and Kara Cannon to new executive management positions. Kara Cannon was named Chief Operating Officer from her previous role as Chief Commercial Officer and David Bench, current Chief Financial Officer, was named to the additional roles of Senior Vice President, Treasurer, and Corporate Secretary.
- Continue delivering on our commitment to strengthen the leadership team by adding several new key employees including a Head of Clinical Laboratory Sales, a Regional Sales Leader for our Enzo Life Sciences division, and a Head of Quality & Regulatory. Our new Head of Laboratory Sales brings two decades of experience in the clinical laboratory market that will be extremely valuable as the lab expands its operations. The Senior Regional Sales Leader brings over 25 years of experience in life science business development and strategic partnerships and will lead efforts in our geographical expansion and market penetration. Our new Head of Quality Assurance & Regulatory Affairs comes to Enzo with 25+ years of regulatory, development, product commercialization and compliance experience that will be instrumental towards FDA submissions for our proprietary GENFLEX® molecular platform as well as our path towards ISO 9000 certification. The Company expects to continue to enhance its leadership team in the near future.
- Recently entered a legal settlement with Enzo’s largest shareholder, Harbert Discovery Fund, which enables the board and management to focus on operational issues.

Third Quarter 2022 Financial Results

- Total third quarter revenue was \$26.2 million, a decrease of 20% from \$32.8 million in the third quarter last year. The decline stemmed from lighter COVID-19 related testing revenue. Q3 revenue includes a mix of 71% services and 29% product revenue vs. 76% services and 24% product revenue in Q3 2021. Consolidated gross margin declined to 39% versus 49% in the year ago period.
- Enzo Clinical Lab revenues totaled \$18.6 million in the third quarter, a decrease of 26% from \$25.0 million in the third quarter of fiscal 2021. This decline was driven by lower services accession count in the spring season. Enzo maintained Clinical services margin of 40%, despite the reduction in high-margin COVID-19 testing.
- Enzo Life Sciences revenue was \$7.6 million, relatively flat compared with \$7.8 million in the year ago period. The average product order value remained over \$1,000 per order for the 7th consecutive quarter. Gross margin declined to 36%, as compared to the 48% in Q3 2021 due, in part, to higher costs of materials and an increase in payroll related expenses.
- Research and development expenses increased to \$1.1 million, or 4% of total revenue, consistent with the year ago period. Selling, general and administrative expenses, decreased to \$11.4 million from \$12.1 million in year ago period. The lower SG&A expense was primarily due to lower commission compensation earned on services revenues. Legal and other expenses decreased primarily due to the lower litigation and other legal fees.
- GAAP net loss totaled \$4.9 million, or (\$0.10) per share, compared with income of \$2.0 million, or \$0.04, in the year-ago quarter.
- Adjusted EBITDA loss in the quarter totaled \$1.8 million, versus adjusted EBITDA of \$2.7 million in the third quarter of 2021.
- Cash flow from operations was a use of cash of \$0.8 million for the quarter as net loss included FX losses, realized loss on marketable securities, depreciation and share-based compensation.
- Cash and cash equivalents, restricted cash and marketable securities totaled \$32.1 million as of April 30, 2022 compared to \$44.3 million at the end of fiscal year 2021, due to strategic initiatives, board and corporate matters, investments in inventory, higher A/R, lower accounts payable, and greater investment in capital assets.

Conference Call and Webcast Information

The Company will host a conference call on Friday, June 10, 2022, at 8:30 am, Eastern Time, to review the operational, corporate, and financial highlights. To participate in the conference call, please dial the following numbers prior to the start of the call or click the webcast link below to participate over the internet:

Domestic:	877-407-0792
International:	201-689-8263
Conference ID:	13727738
Webcast:	https://viaid.webcasts.com/starthere.jsp?ei=1550853&tp_key=b4b6580958

A replay of the call will be available via webcast for on-demand listening shortly after completion of the call on the Investor Relations section of the Company's website, <https://www.enzo.com>, and will remain available for approximately 90 days. Please access the Company's website at least 15 minutes ahead of the conference to register, download, and install any necessary audio software.

Adjusted Financial Measures

To comply with Regulation G promulgated pursuant to the Sarbanes-Oxley Act, Enzo Biochem attached to this news release and will post to the investor relations section of the Company's website (<https://www.enzo.com>) any reconciliation of differences between GAAP and Adjusted financial information that may be required in connection with issuing the Company's quarterly financial results.

The Company uses EBITDA as a measure of performance to demonstrate earnings exclusive of interest, taxes, depreciation and amortization. Adjustments to EBITDA are for items of a non-recurring nature and are reconciled on the table provided. The Company manages its business based on its operating cash flows. The Company, in its daily management of its business affairs and analysis of its monthly, quarterly and annual performance, makes its decisions based on cash flows, not on the amortization of assets obtained through historical activities. The Company, in managing its current and future affairs, cannot affect the amortization of the intangible assets to any material degree, and therefore uses EBITDA as its primary management guide. Since an outside investor may base its evaluation of the Company's performance based on the Company's net loss not its cash flows, there is a limitation to the EBITDA measurement. EBITDA is not, and should not be considered, an alternative to net loss, loss from operations, or any other measure for determining operating performance or liquidity, as determined under accounting principles generally accepted in the United States (GAAP). The most directly comparable GAAP reference in the Company's case is the removal of interest, taxes, depreciation and amortization.

We refer you to the tables attached to this press release, which includes reconciliation tables of GAAP to Adjusted net income (loss) and EBITDA to Adjusted EBITDA.

About Enzo Biochem

Enzo Biochem is a pioneer in molecular diagnostics, leading the convergence of clinical laboratories, life sciences and intellectual property through the development of unique diagnostic platform technologies that provide numerous advantages over previous standards. A global company, Enzo Biochem utilizes cross-functional teams to develop and deploy products, systems and services that meet the ever-changing and rapidly growing needs of health care today and into the future. Underpinning Enzo Biochem's products and technologies is a broad and deep intellectual property portfolio, with patent coverage across a number of key enabling technologies.

For more information, please visit [Enzo.com](https://www.enzo.com) or follow Enzo Biochem on [Twitter](#) and [LinkedIn](#).

Forward-Looking Statements

Except for historical information, the matters discussed in this release may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include declarations regarding the intent, belief or current expectations of the Company and its management, including those related to cash flow, gross margins, revenues, and expenses which are dependent on a number of factors outside of the control of the Company including, inter alia, the markets for the Company's products and services, costs of goods and services, other expenses, government regulations, litigation, and general business conditions. See Risk Factors in the Company's Form 10-K for the fiscal year ended July 31, 2021. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could materially affect actual results. The Company disclaims any obligations to update any forward-looking statement as a result of developments occurring after the date of this release.

Contact:
For Enzo Biochem, Inc.

David Bench, CFO
212-583-0100
dbench@enzo.com

Investors:

Chris Calabrese
LifeSci Advisors, LLC
917-680-5608
ccalabrese@lifesciadvisors.com

Media:

Lynn Granito
Berry & Company Public Relations
212-253-8881
lgranito@berrypr.com

ENZO BIOCHEM, INC.

(in thousands, except per share data)

Selected operations data:	Three months ended April 30, (unaudited)		Nine months ended April 30, (unaudited)	
	2022	2021	2022	2021
Total revenues	\$ 26,222	\$ 32,797	\$ 86,787	\$ 92,918
Gross profit	\$ 10,173	\$ 16,046	\$ 37,627	\$ 43,764
Gross profit %	39%	49%	43%	47%
(Loss) income before income taxes	(4,854)	2,006	(9,828)	4,607
Income taxes	-	-	-	-
Net (loss) income	\$ (4,854)	\$ 2,006	\$ (9,828)	\$ 4,607
Basic net income (loss) per share	(\$0.10)	\$0.04	(\$0.20)	\$0.10
Diluted net income (loss) per share	(\$0.10)	\$0.04	(\$0.20)	\$0.10
Weighted average shares outstanding - basic	48,713	48,391	48,552	48,097
Weighted average shares outstanding - diluted	48,713	48,788	48,552	48,201

Selected balance sheet data:	4/30/2022 (unaudited)	7/31/2021 (unaudited)
Cash and cash equivalents including restricted cash of \$1,000 at April 30, 2022 and \$750 at July 31, 2021, and marketable securities at 7/31/21	\$32,130	\$44,252
Working capital	37,597	44,506
Stockholders' equity	62,187	68,586
Total assets	103,904	113,691

The following table presents a reconciliation of reported net (loss) income and basic and diluted net (loss) income per share to non-GAAP net (loss) income and basic and diluted net (loss) income per share for the three and nine months ended April 30, 2022 and 2021:

ENZO BIOCHEM, INC.

Non-GAAP Reconciliation Table
(Unaudited, in thousands, except per share data)

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Reported GAAP net (loss) income	\$ (4,854)	\$ 2,006	\$ (9,828)	\$ 4,607
Adjusted for:				
Discrete severance and other related compensation expenses	200	-	1,888	-
Discrete legal and settlement expenses	407	-	2,440	1,973
Strategic initiatives expenses	31	-	2,262	-
Facility closure and separation expenses	-	-	384	-
Non-GAAP net (loss) income	\$ (4,216)	\$ 2,006	\$ (2,854)	\$ 6,580
<i>Weighted Shares Outstanding:</i>				
Basic	48,713	48,391	48,552	48,097
Diluted	48,713	48,788	48,552	48,201
<i>Basic and diluted earnings per share:</i>				
Basic net income (loss) per share GAAP	(\$0.10)	\$0.04	(\$0.20)	\$0.10
Diluted net income (loss) per share GAAP	(\$0.10)	\$0.04	(\$0.20)	\$0.10
Basic net income (loss) per share non-GAAP	(\$0.09)	\$0.04	(\$0.06)	\$0.14
Diluted net income (loss) per share non-GAAP	(\$0.09)	\$0.04	(\$0.06)	\$0.14

The following table presents a reconciliation of reported GAAP net (loss) income for the three and nine months ended April 30, 2022 and 2021, respectively to EBITDA and Adjusted EBITDA:

ENZO BIOCHEM, INC.

EBITDA & Adjusted EBITDA Reconciliation Table
(Unaudited, in thousands)

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
GAAP net (loss) income	\$ (4,854)	\$ 2,006	\$ (9,828)	\$ 4,607
Plus (minus):				
Depreciation and amortization	732	673	2,138	1,968
Interest (income) expense, net	(54)	(60)	(161)	40
EBITDA	\$ (4,176)	\$ 2,619	\$ (7,851)	\$ 6,615
Adjusted for:				
Foreign exchange gain loss (gain)	1,056	33	1,887	(428)
Discrete severance and other related compensation expenses	200	-	1,888	-
Discrete legal and settlement expenses	407	-	2,440	1,973
Strategic initiatives expenses	31	-	2,262	-
Facility closure and separation expenses	-	-	384	-
Realized loss on marketable securities	730	-	1,283	-
Adjusted EBITDA	\$ (1,752)	\$ 2,652	\$ 2,293	\$ 8,160



Source: Enzo Biochem, Inc.