

December 12, 2022



Enzo Biochem Reports First Quarter Fiscal Year 2023 Financial Results and Provides Business Update

- Enzo Life Sciences reports revenue of \$7.1 million and 9% growth in Q1 FY 2023, excluding FX

- Engagement with investment bank to provide advisory services including the evaluation of strategic alternatives for the Company is progressing well.

- Continuing to make progress in market expansion of the current product portfolio, commercialization of the Company's offerings, and optimization of the clinical service segment.

***Conference call and live webcast scheduled for tomorrow,
Tuesday, December 13, 2022 at 8:30 am (ET)***

FARMINGDALE, N.Y., Dec. 12, 2022 (GLOBE NEWSWIRE) -- Enzo Biochem, Inc. (NYSE:ENZ), a leading biosciences and diagnostics company, today reported operating results for the first quarter ended October 31, 2022 of Fiscal Year 2023 (Q1 FY23) and provided a business update on recent corporate and operational developments.

"The Q1 FY23 revenue performance of Enzo Biochem on a COVID adjusted basis was encouraging and a validation of both the significant opportunity in our end markets and progress on our focused return strategy," said Hamid Erfanian, CEO of Enzo Biochem.

"The Enzo Life Sciences division operates in a large and healthy \$10 billion market that is growing in the upper single digits driven by significant growth in the genomics, molecular biology and tissue analysis segments. This is an area where our differentiated capabilities in labeling and detection reagents, which are fundamental enabling solutions for assays in workflows across technologies (e.g., genomics, tissue analysis) and applications (e.g., cancer, immuno-oncology, immunology, neuroscience and stem cell research), position Enzo to maximize commercial opportunities. The upper single digit growth we achieved in Enzo Life Sciences in Q1 FY23 combined with the double-digit growth over the past two fiscal years demonstrate a consistent ability to grow this business.

"In addition to solid revenue growth within the first quarter in Enzo Life Sciences, we also made strong progress in advancing multiple other growth opportunities. We launched our Powered by Enzo's LoopRNA™ product, which will allow us to better penetrate the high growth area of spatial biology for drug development. In addition, we have a number of GMP product launches with a focus on small molecule chemistry and antibodies as well as further

portfolio expansion around bioprocess and toxicology for immune and biochemical assays. These efforts, combined with our ability to drive strong, consistent product order flow as evidenced by our ninth straight quarter of product orders in excess of an average of \$1,000 per order, leave us well positioned to continue to drive strong revenue growth going forward.

“Enzo's Clinical Lab Services division is situated in a very large \$1.8 billion market in the tri-state area that is growing in the mid-single digits driven by macro drivers of growth in precision medicine from diagnostic testing to segment patients, data richness, patient driven testing and regenerative medicines. This is an area where our combination of the full range of testing capabilities with the convenience and personalized service of a local, community-based laboratory operation differentiate our service offerings.”

“The Enzo Clinical Lab Services business has been impacted by declining COVID revenues as well as by the impact of the pandemic on our other types of testing services. Revenues in this business sector in the absence of a strong COVID contribution declined to the low single digits on flat volume over the past two years but have begun to rebound. We believe revenue growth in the Enzo Clinical Lab Services business is poised to return to consistent and more predictable growth following the anniversary in Q4 FY23 of the higher COVID comparable periods. This is due to our “focused return strategy” with the addition of new specialty clinical menu options for core services and molecular diagnostics, our efforts in direct-to-consumer options for molecular diagnostics and the expansion of salesforce for all testing.

“Enzo is one of the few companies in the world that is able to leverage combined assets from biotechnology, life sciences and clinical services. This allows us to better understand our clients' challenges and provide tailored lower-cost solutions to their needs.”

Operational Highlights:

- Added to our Asia Pacific distribution network, and achieved 22% growth in that region year over year
- Prepared to launch a new Enzo Life Sciences service offering by mid-FY23 and further advance our CRO launch initiatives
- Progress in the commercialization of the diagnostic platform with approval from the New York State Department of Health for CT/NG/TV on four sample types
- Executed agreements with third parties for point of care platform instrument development and STAT work for a leading reference lab
- Launched AMPIVIEW™ gene expression platform, Powered by Enzo's LoopRNA™ in-situ hybridization technology, with first products targeting detection of HPV and SARS-CoV-2. The AMPIVIEW™ platform significantly expands Enzo's position in the oncology market and paves the way for expansion into the growing spatial biology space.

First Quarter 2023 Financial Results

- Revenues reached \$18.3M in the first quarter, a decrease of 31% compared to \$26.5M in the first quarter of last year and a decrease of 10% sequentially compared to the

fourth quarter of FY22. COVID testing revenues declined from \$9.2M in the first quarter of last year to \$0.8M in the first quarter of this year. Without the impact of COVID testing our consolidated revenues grew in the low single digits.

- Consolidated gross margins were 20% in the fiscal first quarter as compared to 42% for the year ago period.
- R&D grew from \$0.7M in Q1 FY22 to \$1.0M in Q1 FY23 as we continue to invest in the development of new products and services in both businesses.
- SG&A grew from \$11.1M in Q1 FY22 to \$11.5M in Q1 FY23 driven by special charges of \$0.9M pertaining to strategic initiative professional services.
- Legal and Other expenses of \$1.1M decreased by \$0.2M year over year, primarily due to the reduction of outside counsel costs after the addition of an in-house General Counsel.
- GAAP net loss was (\$10.6) million or (\$0.22) per share versus a net loss of (\$2.3) million, or (\$0.05), in the year-ago quarter.
- Adjusted EBITDA was a loss of \$7.4M in the first quarter of 2023 versus income of \$1M in the first quarter of 2022 driven by the sales declines and lower margins both of which we expect to improve due to the numerous factors outlined.
- Cash and cash equivalents and restricted cash were \$13.1M at the end of first quarter, a decline of \$9.5M versus the fourth quarter of 2022, due to the decline in profitability and slight impact of working capital changes and capital expenditures. The company's current ratio remains strong with a ratio of close to 2X and we currently have minimal debt outstanding on the business. Evaluation of a short term, prepayable credit facility is in process to provide funding as we drive increased profitability and our growth initiatives.

Enzo Life Sciences

- Q1 FY23 revenues of \$7.1 million, with revenue growth of 9% year over year and 5% on an organic basis when adjusted for negative FX impact. This is an acceleration compared to our organic growth of 2% in Q4 FY22.
- Q1 FY23 margin of 35% vs. 40% in the prior year and 36% sequentially, impacted by reorganization of structure to support growth, market salary adjustments, and inflation impact on material costs. The Company experienced an increase in the October 2022 monthly gross margin to 50% as better product mix and lower investments increased the margins.
- Ninth straight quarter of product orders in excess of an average of \$1,000 per order, reflective of servicing higher value markets.

Enzo Clinical Lab

- Q1 FY23 revenues were \$11.2 million, a decrease of 43% compared to the \$19.7 million in the first quarter of last year, impacted by the decline in COVID testing

revenues.

- On a sequential basis, first quarter revenues without COVID testing revenues grew 4%, with those accessions increasing by 3%. We anticipate growth in our core testing revenues going forward, offset by direct COVID testing declines.
- Q1 FY23 gross margin declined from 43% in the first quarter last year to 10%. Margin improvement is expected over time as cost savings, higher margin tests and higher fixed cost leverage on more testing volumes begin to occur.

“I am very encouraged by the progress we have made in expanding our portfolio, driving commercialization and leveraging our capabilities across the business,” said Hamid Erfanian, CEO of Enzo Biochem. “We believe that continued strong execution of our strategy, combined with a focus on improving the efficiency of our operations and reducing our cost infrastructure, will position us well to take advantage of the large, attractive markets we compete in.”

Conference Call and Webcast Information

The Company will host a conference call on Tuesday, December 13, 2022 at 8:30 am, Eastern Standard 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: 1-877-407-0792

International: 1-201-689-8263

Conference ID: 13734855

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1588117&tp_key=b07d7a641c

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 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, 2022. 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.

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ENZO BIOCHEM, INC.
(in thousands, except per share data)

<i>Selected operations data:</i>	Three months ended October 31, (unaudited)	
	2022	2021
Total revenues	\$ 18,276	\$ 26,519
Gross profit	\$ 3,605	\$ 11,246
Gross profit %	20%	42%
Loss before income taxes	(10,635)	(2,319)
Net loss	\$ (10,635)	\$ (2,319)
Basic net loss per share	(\$0.22)	(\$0.05)
Diluted net loss per share	(\$0.22)	(\$0.05)
Weighted average shares outstanding – basic	48,720	48,472
Weighted average shares outstanding – diluted	48,720	48,472
 <i>Selected balance sheet data:</i>	 10/31/2022 (unaudited)	 7/31/2022 (unaudited)
Cash and cash equivalents including restricted cash of \$1,000 at 10/31/22 and 7/31/22	\$ 13,135	\$ 22,603
Working capital	20,326	29,804
Stockholders' equity	44,990	54,462
Total assets	85,199	95,857

The following table presents a reconciliation of reported net loss and basic and diluted net loss per share to non-GAAP net loss and basic and diluted net loss per share for the three months ended October 31, 2022 and 2021:

ENZO BIOCHEM, INC.
Non-GAAP Reconciliation Table
(Unaudited, in thousands, except per share data)

	Three months ended	
	October 31,	
	2022	2021
Reported GAAP net loss	\$ (10,635)	\$ (2,319)
Adjusted for:		
Discrete legal related to severance and arbitration	826	-
Discrete legal and settlement expenses	21	728
Strategic initiatives expenses	889	1,138
Separation and facility closure expenses	-	384
Non-GAAP net loss	\$ (8,899)	\$ (69)
<i>Weighted Shares Outstanding:</i>		
Basic	48,720	48,472
Diluted	48,720	48,472
<i>Basic and diluted earnings per share:</i>		
Basic net income (loss) per share GAAP	(\$0.22)	(\$0.05)
Diluted net income (loss) per share GAAP	(\$0.22)	(\$0.05)
Basic net income (loss) per share non-GAAP	(\$0.18)	(\$0.00)
Diluted net income (loss) per share non-GAAP	(\$0.18)	(\$0.00)

The following table presents a reconciliation of reported GAAP net loss for the three months ended October 31, 2022 and 2021, respectively to EBITDA and Adjusted EBITDA:

ENZO BIOCHEM, INC.
EBITDA & Adjusted EBITDA Reconciliation Table
(Unaudited, in thousands)

	Three months ended	
	October 31,	
	2022	2021
GAAP net loss	\$ (10,635)	\$ (2,319)
Plus (minus):		
Depreciation and amortization	802	701
Interest income	(70)	(39)
EBITDA	\$ (9,903)	\$ (1,657)
Adjusted for:		
Discrete legal related to severance and arbitration	826	-
Discrete legal and settlement expenses	21	728
Strategic initiatives expenses	889	1,138
Foreign exchange loss	797	381
Separation & facility closure expenses	-	384
Adjusted EBITDA	\$ (7,370)	\$ 974



Source: Enzo Biochem, Inc.