

December 15, 2021



Enzo Biochem Reports First Quarter 2022 Financial Results and Provides Business Update

- *1Q FY 2022 revenues of \$26.5 million vs. \$24.8 million in 4Q FY 2021, representing a 7% sequential increase*
- *Company appoints Hamid Erfanian as Chief Executive Officer*
- *Consolidated manufacturing footprint at state-of-the-art Farmingdale, NY campus to enhance operational efficiencies*

***Conference call and live webcast scheduled for today,
Wednesday, December 15, 2021 at 4:30 pm (ET)***

NEW YORK, Dec. 15, 2021 (GLOBE NEWSWIRE) -- Enzo Biochem, Inc. (NYSE:ENZ), a leading biosciences and diagnostics company, today reported financial results for the first quarter ended October 31, 2021 and provided a business update on recent corporate and operational developments.

This quarter once again reflects Enzo's continued progress in advancing its strategic business plan. Hamid Erfanian recently joined Enzo as Chief Executive Officer and is poised to lead the Company and accelerate the expansion and commercialization strategies of its platforms and services.

Mr. Erfanian brings 28 years of experience as a seasoned healthcare executive specializing in the diagnostic, medical devices, and life sciences industries. He has a proven track record of implementing successful commercial strategies and building high performing teams at both global and smaller firms. He comes to Enzo from his prior role as Chief Commercial Officer of EUROIMMUN, a PerkinElmer Company, where he was responsible for growing sales by more than 20-fold in seven years.

"I am honored to have joined the Enzo team at a very exciting and promising stage in the Company's growth. I look forward to applying my experience in diagnostics to maximize the commercial potential of the GENFLEX® platform and all of Enzo's world class assets and technologies," said Hamid Erfanian, Chief Executive Officer of Enzo.

"Since joining Enzo Biochem, I have formed a deeper understanding of the Company's many significant business opportunities. I have been continually impressed and proud of the level of dedication, integrity and perseverance demonstrated at every part of the organization. COVID-19 has been difficult for all of us. While the world was in lockdown, our team of industry leaders remained on the frontlines and delivered growth. COVID has shed a new

light on the global need for precise, cost-effective diagnostic approaches. Enzo has a unique opportunity to extend the capabilities and offerings of our multiple platforms, just as we did in the rapid development of our COVID-19 molecular platforms. We can bring this capability to multiple diagnostic segments, including sexually transmitted diseases, upper respiratory diseases and cancer. While continuing to expand our life sciences reach across underserved geographies, we will expand our diagnostics offerings to meet the needs of a wider segment of end users and global markets by leveraging our current capabilities and expanding our sales force. We look forward to updating you all further on upcoming earnings calls and presentations in the year ahead,” Mr. Erfanian added.

Corporate & Operational Highlights:

- Expansion of our product offerings through advanced development of a novel molecular point-of-care technology to address the need for rapid turnaround, cost effective solutions with high sensitivity and specificity.
- Enhancements to our proprietary GenFlex® platform currently operational in our clinical laboratory include providing a more streamlined workflow that improves the platform’s overall cost structure. These enhancements shorten the turnaround time from sample collection to result.
- Launch of our sexually transmitted infection testing to the expanded product menu offered on the GoTestMeNow™ Online Portal to provide patients with direct access to a spectrum of testing solutions including:
 - COVID-19 (diagnostic, surveillance and antibody testing)
 - Sexually transmitted infections (launched in October 2021)
- Consolidated manufacturing footprint with the closure of our Ann Arbor facility and transition to our upgraded Farmingdale, NY campus to enhance operational efficiencies.
- Continued engagement by management and the board of directors in evaluation and review of strategic initiatives to optimize Enzo’s assets and capabilities in collaboration with our investment banking advisors, Cain Brothers.

First Quarter 2022 Financial Results

- Total first quarter revenue was \$26.5 million, an increase of 7% sequentially, compared to \$24.8 million in the fourth quarter FY 2021, but a decrease of \$2.1 million compared to the first quarter of FY 2021. The quarter’s revenue reflected sequential growth and continuing expansion of operations following the nadir of COVID-19 testing in late summer. Consolidated gross margin was consistent at 42% compared to 42% in the year ago period.
- Enzo Clinical Lab revenue was \$19.7 million, an increase of 17% sequentially, compared to \$16.8 million in the fourth quarter last year, but a decrease of \$1.5 million compared to the first quarter 2021. Net revenue increased to more than \$70 per accession vs. approximately \$69 per accession in the prior year period. Clinical services gross margin climbed to 43% up from 39% in the first quarter 2021, primarily due to testing mix and ongoing cost-saving initiatives. Billed accessions grew to more than 100,000 per month in the last two months of the quarter (continuing into November) compared to approximately 70,000 during the summer months, reflecting the increased COVID-19 volume from back-to-school and the emerging variant

activities.

- Enzo Life Sciences revenue of \$6.8 million decreased 9% from \$7.4 million in the first quarter 2021, a result of the transition of operations to the upgraded Farmingdale campus as well as ongoing COVID-19 related shut-downs in Europe. Gross margin was 40%, compared to 49% in the previous year's quarter, due primarily to headcount duplication and other costs from the Ann Arbor transition. Average product order value remains over \$1,000 per order and has continued to grow at an 11% CAGR since 2019. Based on the current backlog, revenue and gross margins are anticipated to revert to reflect historical levels in the second quarter.
- Research and development expenses were unchanged at \$0.7 million or 3% of total revenues in the current and prior year periods. Selling, general and administrative expenses of \$11.0 million (42% of total revenue) increased from \$10.0 million (35% of total revenue) in the year ago period. SG&A was slightly lower in Enzo Clinical Labs on a year-over-year basis, but significantly higher in Enzo Life Sciences due to investment in sales headcount to support growth coupled with one-time separation costs related to the Ann Arbor closing.
- GAAP net loss was \$2.3 million or (\$0.05) per share versus net income of \$3.3 million or \$0.07 per share in the sequential quarter and net income of \$0.3 million or \$0.01 per share in the year-ago quarter. Adjusted EBITDA loss in the quarter was (\$0.9) million compared to positive adjusted EBITDA of \$1.2 million in the previous year's first quarter. The year-over-year decline was driven mainly by the revenue decline, investment in growth strategies, and increased legal expenses primarily due to strategic initiatives.
- The Company's current ratio improved to 2.9x compared to 2.1x in last year's first quarter and DSOs in Enzo Clinical Labs remained below 35 days. Enzo's working capital grew to \$42.8 million versus \$36.7 million in the previous year's quarter, an improvement of \$6.1 million. Cash and cash equivalents, restricted cash and marketable securities totaled \$36.9 million at the end of the first quarter, a decrease from \$44.3 million at the end of the fiscal year due primarily to investments in inventory, higher accounts receivable, lower accounts payable and capital expenditures in excess of \$1 million. As of October 31, 2021, the Company had 48.5 million shares outstanding.

Conference Call and Webcast Information

The Company will host a conference call on Wednesday, December 15, 2021, at 4:30 pm, Eastern Standard Time, to review 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:	13725234

Webcast: [Registration Link -- Click Here](#)

https://viaavid.webcasts.com/starthere.jsp?ei=1514655&tp_key=93f7ec3e1b

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, Inc.

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 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.

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ENZO BIOCHEM, INC.

(in thousands, except per share data)

Selected operations data:

**Three months ended
October 31,
(unaudited)**

	2021	2020
Total revenues	\$ 26,519	\$ 28,655
Gross profit	\$ 11,246	\$ 11,897
Gross profit %	42%	42%
(Loss) income before income taxes	(2,319)	299
Net (loss) income	<u>\$ (2,319)</u>	<u>\$ 299</u>
Basic net income (loss) per share	(\$0.05)	\$0.01
Diluted net income (loss) per share	(\$0.05)	\$0.01
Weighted average shares outstanding - basic	48,472	47,895
Weighted average shares outstanding - diluted	48,472	47,905

<i>Selected balance sheet data:</i>	<u>10/31/2021</u> <u>(unaudited)</u>	<u>7/31/2021</u> <u>(unaudited)</u>
Cash and cash equivalents including restricted cash of \$750 and marketable securities	\$36,916	\$44,252
Working capital	42,806	44,506
Stockholders' equity	66,760	68,586
Total assets	108,139	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 months ended October 31, 2021 and 2020:

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

Three months ended
October 31,

	<u>2021</u>	<u>2020</u>
Reported GAAP net (loss) income	\$ (2,319)	\$ 299
Adjusted for:		
Separation & facility closure expenses	384	-
Non-GAAP net (loss) income	<u>\$ (1,935)</u>	<u>\$ 299</u>
 <i>Weighted Shares Outstanding:</i>		
Basic	48,472	47,895
Diluted	48,472	47,905
 <i>Basic and diluted earnings per share:</i>		
Basic net income (loss) per share GAAP	(\$0.05)	\$0.01
Diluted net income (loss) per share GAAP	(\$0.05)	\$0.01
Basic net income (loss) per share non-GAAP	(\$0.04)	\$0.01
Diluted net income (loss) per share non-GAAP	(\$0.04)	\$0.01

The following table presents a reconciliation of reported GAAP net (loss) income for the three months ended October 31, 2021 and 2020, respectively to EBITDA and Adjusted EBITDA:

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

	Three months ended	
	October 31,	
	<u>2021</u>	<u>2020</u>
GAAP net (loss) income	\$ (2,319)	\$ 299
Plus (minus):		
Depreciation and amortization	701	660
Interest (income) expense	(39)	51
EBITDA	<u>\$ (1,657)</u>	<u>\$ 1,010</u>
Adjusted for:		
Foreign exchange loss	381	164
Separation & facility closure expenses	384	-
Adjusted EBITDA	<u>\$ (892)</u>	<u>\$ 1,174</u>



Source: Enzo Biochem, Inc.