

March 14, 2022



## Enzo Biochem Reports Second Quarter Fiscal 2022 Result and Provides Leadership and Corporate Updates

- *Second quarter revenue of \$34.0 million increased 28% sequentially and 8% year-over-year compared to FY2021*
- *Enzo Biochem posted highest quarterly revenue in history of the Company*
- *Enzo Life Science revenue reached \$10.4 million, an increase of 39% year over year*
- *Received LDT regulatory approval from New York State for CT/NG/TV molecular tests*
- *Q2 FY22 product margin increased to 49% compared to 40% in Q1 FY22 and 47% Q2 FY21*
- *CEO advances strategy to focus on core competencies while strengthening and augmenting management team*

**Conference call and live webcast scheduled for today,  
Monday, March 14, 2022 at 4:30 pm (ET)**

NEW YORK, March 14, 2022 (GLOBE NEWSWIRE) -- Enzo Biochem, Inc (NYSE: ENZ), a leading biosciences and diagnostics company, today reported financial results for the second quarter ended January 31, 2022 and provided a business update on recent corporate and operational developments.

“The Company delivered an impressive second quarter demonstrating positive performance across our extensive product and services offerings. The \$34 million in revenue posted this quarter is the highest quarterly revenue in the history of the Company,” said Hamid Erfanian, Enzo’s Chief Executive Officer. “Also during the quarter, Enzo’s executive management team implemented several strategic initiatives and plans for further expansion of commercial opportunities related to Enzo’s full range of products and services.”

“Our approach is one of ‘focused return,’ prioritizing those key segments that will provide the best short term and long term returns on investment. Building on this strategy, we are also augmenting our c-suite and management team to strengthen our capabilities in our highest growth product areas. On the lab side, we are leveraging our success during the pandemic to expand higher margin testing business and new customer groups while building our product menu. While current data suggest that COVID-19 testing will remain an important modality for identifying disease and guiding clinical care, we are building on our success in this area by prioritizing resources and technology to expand our focus on other business segments and growth areas. Enzo has compelling opportunities in our core services business around women’s health, sexually transmitted infection testing, and lab-to lab services. We are further leveraging the strength, capabilities, and proximity of our Clinical

Lab Services and Life Sciences divisions (all located at our Farmingdale campus) to continue to drive cost efficiencies across the business and position the company well for key partnership discussions or strategic opportunities that would complement our integrated model,” Mr. Erfanian added. “We are also launching new initiatives that will expand upon the \$10 million of savings recently achieved. The corporate goal is to achieve an additional \$10 million in cost savings with \$5 million of it targeted for this calendar year.”

## **Second Quarter 2022 and Recent Business Highlights**

- Received NY State Department of Health approval for the use of Enzo’s CT/NG/TV Test on our GENFLEX® proprietary platform. This test is a real-time PCR-based method for *N. gonorrhoeae* / *C. trachomatis* / *T. vaginalis* (NG/CT/TV) detection in urine collected in Aptima transport tubes, vaginal swab collected in Aptima Multitest transport tubes, gynecologic specimens collected in ThinPrep Pap Test PreservCyt Solutions, and endocervical swab collected in Aptima Unisex transport tubes.
- Hamid Erfanian and Bradley Radoff were appointed to the Company’s Board of Directors on January 3, 2022. The Company also announced that directors Dov Perlysky and Rebecca Fischer concurrently stepped down from the Board to facilitate a smooth transition for the new Board members. Additionally, Dr. Mary Tagliaferri became the Chair of the Board of Directors.
- The Company is actively engaged in a search to augment its executive team including adding a VP of Commercialization, Director of Research & Development, and General Counsel.

## **Second Quarter 2022 Financial Results**

- Total second quarter revenue was \$34.0 million, an increase of 8% from \$31.5 million in the second quarter last year. The gains reflected increased sales in the Enzo Life Science segment and continued COVID-19 related testing. Consolidated gross margin was 48% versus 50% in the year ago period.
- Enzo Clinical Lab revenues totaled \$23.7 million in the second quarter, an increase of 20% from \$19.7 million in the first quarter of fiscal 2022. This performance was driven by services accession count rebounding off the summer lows. During the quarter, Enzo generated over 100,000 accessions in each month. Clinical services margin of 47% climbed more than 400 basis points from the preceding quarter, but was lower than the 51% gross margin in the year-ago comparable period. The sequential increase was due to the testing mix and ongoing cost-saving initiatives.
- Enzo Life Sciences revenue was \$10.4 million, an increase of 39% compared with \$7.5 million in the year ago period. The average product order value remained over \$1,000 per order for the 6<sup>th</sup> consecutive quarter, even when adjusted for a large bulk order during the quarter, due mainly to increased penetration and servicing higher value markets. Gross margin improved by 940 bps to 49.4%, over the 40.0% margin in the first quarter and increased 200 basis points as compared to the 47.4% in Q2 2021.
- Research and development expenses remained flat at \$0.8 million, or 2% of total revenue, consistent with the year ago period. Selling, general and administrative

expenses, including one-time compensation expenses, increased to \$14.5 million from \$11.0 million in year ago period. The higher SG&A expense was primarily due to investments in sales, marketing and IT to support growth. Included in SG&A expense this quarter was compensation expense (on a net basis) of \$1.7 million due to severance and other discrete matters. Legal and other expenses increased primarily due to strategic projects and other legal matters.

- GAAP net loss totaled \$2.7 million, or (\$0.05) per share, compared with income of \$2.3 million, or \$0.05, in the year-ago quarter.
- Adjusted EBITDA in the quarter totaled \$2.5 million, versus adjusted EBITDA \$4.3 million in the second quarter of 2021.
- Cash flow from operations was a use of cash of \$0.6 million for the quarter. Cash and cash equivalents, restricted cash and marketable securities totaled \$34.6 million as of January 31, 2022 compared to \$44.2 million at the end of fiscal year 2021, due to strategic initiatives, board and corporate matters, investments in inventory and greater investment in working capital.

### **First Half 2022 Financial Results**

- Total revenues of \$60.6 million during the six-month period ended January 31, 2022, increased \$0.5 million compared to revenues of \$60.1 million for the same period in 2021. Based on the first two quarters, the Company's annual revenue run-rate exceeds \$120 million on an annualized basis.
- Enzo Clinical Lab revenue of \$43.4 million during the six-month period ended January 31, 2022, declined 4% compared to revenues of \$45.2 million for the same period in 2021.
- Enzo Life Sciences revenue of \$17.2 million during the six-month period ended January 31, 2022, increased 15% compared to revenues of \$14.9 million for the same period in 2021.
- Consolidated gross margin was 45%, as compared to 46% in the year-ago period. This was consistent year-over-year due to a rebound in Enzo Life Sciences gross margin in the second quarter after the Ann Arbor closure expenses in the first quarter.
- Research and development expenses, net, were \$1.6 million for the six months ended January 31, 2022 and 2021, or 2.6% of total revenue. Selling, general and administrative expenses for the six months ended January 31, 2022 were \$25.5 million, or 42% of total revenue, compared to \$21.0 million, or 35% of total revenue for the same period in 2021. The increase is due to hiring and investments in sales and IT support. Included in SG&A expense this quarter was compensation expense (on a net basis) of \$1.7 million due to severance and other discrete matters.
- Net loss for the six months ended January 31, 2022 was \$5.0 million, or (\$0.10) per share, basic and diluted, compared to net income of \$2.6 million, or \$0.05 per share, basic and diluted, for the six months ended January 31, 2021.

### **Conference Call and Webcast Information**

The Company will host a conference call on Monday, March 14, 2022, at 4:30 pm, Eastern Daylight 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

[https://viaavid.webcasts.com/starthere.jsp?](https://viaavid.webcasts.com/starthere.jsp?ei=1534782&tp_key=e4c55220d3)

Webcast: [ei=1534782&tp\\_key=e4c55220d3](https://viaavid.webcasts.com/starthere.jsp?ei=1534782&tp_key=e4c55220d3)

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](https://twitter.com/EnzoBiochem) and [LinkedIn](https://www.linkedin.com/company/enzo-biochem).

### **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)

<b><i>Selected operations data:</i></b>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Total revenues	\$ 34,046	\$ 31,466	\$ 60,565	\$ 60,121
Gross profit	\$ 16,208	\$ 15,821	\$ 27,454	\$ 27,718
Gross profit %	48 %	50 %	45 %	46 %
(Loss) income before income taxes	(2,655)	2,302	(4,974)	2,601
Income taxes	-	-	-	-
Net (loss) income	\$ (2,655)	\$ 2,302	\$ (4,974)	\$ 2,601
Basic net income (loss) per share	(\$0.05)	\$0.05	(\$0.10)	\$0.05
Diluted net income (loss) per share	(\$0.05)	\$0.05	(\$0.10)	\$0.05
Weighted average shares outstanding - basic	48,472	48,006	48,472	47,951
Weighted average shares outstanding - diluted	48,472	48,053	48,472	47,973
	<b>1/31/2022</b>	<b>7/31/2021</b>		
<b><i>Selected balance sheet data:</i></b>	<b>(unaudited)</b>		<b>(unaudited)</b>	
Cash and cash equivalents including restricted cash of \$1,000 at January 31, 2022 and \$750 at July 31, 2021 and marketable securities	\$34,639	\$44,252		
Working capital	40,562	44,506		
Stockholders' equity	65,126	68,586		

Total assets	108,822	113,691
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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 six months ended January 31, 2022 and 2021:

**ENZO BIOCHEM, INC.**

Non-GAAP Reconciliation Table

(Unaudited, in thousands, except per share data)

	Three months ended		Six months ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Reported GAAP net (loss) income	\$ (2,655)	\$ 2,302	\$ (4,974)	\$ 2,601
Adjusted for:				
Discrete severance and other related compensation expenses	1,688	-	1,688	-
Discrete legal and settlement expenses	1,305	1,973	2,033	1,973
Strategic initiatives expenses	1,092	-	2,230	-
Facility closure and separation expenses	-	-	384	-
Non-GAAP net (loss) income	\$ 1,430	\$ 4,275	\$ 1,361	\$ 4,574
<i>Weighted Shares Outstanding:</i>				
Basic	48,472	48,006	48,472	47,951
Diluted	48,472	48,053	48,472	47,973
Diluted - non-GAAP	48,971	48,053	48,999	47,973
<i>Basic and diluted earnings per share:</i>				
Basic net income (loss) per share GAAP	(\$0.05)	\$0.05	(\$0.10)	\$0.05
Diluted net income (loss) per share GAAP	(\$0.05)	\$0.05	(\$0.10)	\$0.05
Basic net income (loss) per share non-GAAP	\$0.03	\$0.09	\$0.03	\$0.10
Diluted net income (loss) per share non-GAAP	\$0.03	\$0.09	\$0.03	\$0.10

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

**ENZO BIOCHEM, INC.**

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
GAAP net (loss) income	\$ (2,655)	\$ 2,302	\$ (4,974)	\$ 2,601
Plus (minus):				
Depreciation and amortization	705	635	1,406	1,295
Interest (income) expense	(68)	49	(107)	100
EBITDA	\$ (2,018)	\$ 2,986	\$ (3,675)	\$ 3,996
Adjusted for:				
Foreign exchange loss (gain)	450	(625)	831	(461)
Discrete severance and other related compensation expenses	1,688	-	1,688	-
Discrete legal and settlement expenses	1,305	1,973	2,033	1,973
Strategic initiatives expenses	1,092	-	2,230	-
Facility closure and separation expenses	-	-	384	-
Adjusted EBITDA	\$ 2,517	\$ 4,334	\$ 3,491	\$ 5,508



Source: Enzo Biochem, Inc.