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ENZ.N - Q1 2021 Enzo Biochem Inc Earnings Call

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PRESENTATION

Operator

Greetings, and welcome to the Enzo Biochem First Quarter 2021 Earnings Call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Jeremy Feffer, LifeSci Advisors. Please go ahead.

Jeremy Feffer - LifeSci Advisors, LLC - MD

Thank you, Stacy, and good afternoon. Joining us today from the company are Barry Weiner, Co-Founder and President; and David Bench, Chief Financial Officer. A press release announcing the results and the update was issued this afternoon and is available now on the Enzo website.

I will now read the company's safe harbor statement. Except for historical information, the matters discussed in this news 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 the markets for the company's products and services, cost of goods and services, other expenses, government regulations, litigation and general business conditions. Please see risk factors in the company's Form 10-K for the fiscal year ended July 31, 2020. 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 conference call.

During this conference call, the company may refer to EBITDA, a non-GAAP measure. EBITDA is not and should not be considered an alternative to net income or loss, income or loss from operations or any other measure for determining operating performance. The company has provided a reconciliation of the difference to GAAP on its website, www.enzo.com, and in its press release issued this afternoon.

I would now like to turn the call over to Barry Weiner, Co-Founder and President of Enzo Biochem. Barry?

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

Thank you, Jeremy. Good afternoon, and thank you for joining us on our quarterly update call today. We issued our first fiscal 2021 financial and operating results after the close of the market today, and I hope you've had a chance to take a look at them.

As we continue to drive forward in the pursuit of some normalcy in our daily lives, we at Enzo are extremely proud to have been part of the health care response to the COVID-19 pandemic. Despite the continuing challenges that were presented to our business by COVID-19, we delivered an extremely robust first quarter for 2021. The results were across multiple metrics of success. Both our revenue and accession volume increased significantly over the prior quarter, reaching pre-pandemic levels and exceeding our initial estimates by \$1.7 million, which we provided earlier.

Total revenue was \$28.7 million, a 47% increase over the preceding fourth quarter of 2020, demonstrating continued evidence of recovery and the subsequent positive impact from COVID-19 on our business operations. We also saw continued margin improvement, leading to positive EBITDA of more than \$1 million and positive earnings of approximately \$0.01 per share.

Before elaborating further on the quarter, obviously, we hope everyone has remained safe and healthy during these difficult and frustrating times. The health and safety of our employees has always been of extreme importance, and we greatly appreciate their contributions to keep our business running safely. We have been very fortunate that the implemented measures to safeguard our employees have been successful while allowing us to maintain full operations so that we may continue to advance the important work we've been providing to our health care community.

Even with the unprecedented challenges we faced this year, we were able to maintain our commitment to our core objectives: first, transforming into an integrated end-to-end diagnostic products and solutions company; second, building and investing in the infrastructure for growth; third, implementing efficiency measures to better bring in line our cost structure with the market needs; and fourth, building out our 4 key platforms and technologies to address enhanced value in the diagnostic sector. These objectives have helped us to further solidify Enzo's position as the comprehensive solutions provider in diagnostic products and services.

Despite the unprecedented conditions of the COVID-19 pandemic, we have mobilized our operational resources to address the expanding needs of the market by servicing opportunities in new areas, including point-of-care and direct-to-consumer offerings. While most companies and businesses during this period have remained partially closed, if not fully closed, Enzo employees have not only manned the frontlines but expanded our operational capacity to continuously support the testing needs of the market.

We are extremely proud to welcome Dr. Mary Tagliaferri and Dr. Ian Walters, 2 highly respected and experienced industry professionals, to our Board of Directors, which now number 4 independent directors among the 5 on our Board. As executive clinical fellow and former Chief Medical Officer of Nektar, Dr. Tagliaferri brings deep business development, clinical research and development and global regulatory affairs skills to our Board. Dr. Walters is CEO of Portage Biotech, and he has held executive positions at Bristol-Myers Squibb and Millennium Pharmaceuticals. He is responsible for the development of more than 30 drugs, which led to 5 new oncology drug approvals. In addition to his business acumen, he will be instrumental in identifying new ways that Enzo can effectively support companion diagnostics, early drug discovery and liquid biopsy techniques. The addition of these 2 new directors significantly expand the operational and commercial expertise of our company's Board, particularly concerning companion diagnostics and therapeutic opportunities.

During the quarter, we worked with our partners to provide COVID-19 testing services focused on our geographical region. This includes multiple universities such as Stony Brook University and Farmingdale State University as well as urgent care facilities, nursing homes and corporations. These were implemented through our School and Institution Testing, we call it our SIT program, which we launched in June. We are working with local government entities, helping them through this pandemic crisis as well. We are focusing on building out these new relationships beyond COVID testing and transitioning them into long-term opportunities utilizing Enzo's full menu of products and services.

Our recent GoTestMeNow online portal is our first direct-to-consumer offering that brings quick, convenient COVID testing to individuals overseen by licensed physicians. Currently, we have now over 30 convenient locations in New York, New Jersey and Connecticut. It works as follows: a patient purchases the COVID-19 molecular or serological test directly from the GoTestMeNow website and then goes to an Enzo clinical lab, patient service center or pop-up site for specimen collection. The results are delivered directly to the individual through our online portal. We plan to extend this online offering to sexually transmitted diseases and other types of testing. Furthermore, we are working on launching a home kit to enable self-testing for certain diseases.

We also recently announced the commercial launch of a small, portable microplate reader for use with the company's immunoassay products. This affordable device enables Enzo to offer a complete solution to academic, CRO and other industrial customers. It is a compact plate reader that

features an open design for quick plate loading and USB connection. The personal 96-well format micro reader plate (sic) [microplate reader] and machine can be used for a variety of applications, including ELISA's protein quantification assays, cell-based assays and more. Ultimately, we hope it will provide new opportunities in point-of-care medicine.

On the research front, in a recently published book titled *In Situ Molecular Pathology and Co-Expression Analyses*, Enzo's loop RNA technology was expanded upon as a highly sensitive approach in the development of human papillomavirus probes. Enzo's loop RNA was compared against the market leader and demonstrated higher sensitivity. We believe this technology may be extended beyond HPV for improved sensitivity with regards to other diagnostic testing. We also have several innovations and product launches, including serological testing in a post-vaccine environment that are in early days of adoption but we think will be a critical element of diagnostic testing in 2021, and we look forward to updating our investors on these initiatives as they come forward.

I'd like to turn the call over to David, who will provide a financial update.

David A. Bench - Enzo Biochem, Inc. - CFO & Principal Accounting Officer

Thanks, Barry. Here's a review of the financials for the first fiscal quarter of 2021. Total revenue of \$28.7 million for the first quarter increased 42% and from the \$20.2 million generated in the year ago period, reflecting a continuing expansion of operations and revenue, following the slowdown associated with the impact of COVID-19 on the diagnostic testing sector. The consolidated gross margin for the quarter was 42%, up significantly from the 28% in the year ago period. On a sequential basis, first quarter revenue increased 47% over the fourth quarter of 2020 driven largely by COVID-19 testing.

On a divisional basis, clinical services revenue increased 66% to \$21.2 million from \$12.8 million in the first quarter 2020 and more than 55% sequentially. The year-over-year performance was largely driven by volume growth to approximately 300,000 accessions in the period versus approximately 200,000 in last year's first quarter. Of particular note, we saw gross margins increase to 39% from 14% in the first quarter 2020. This is largely attributed to revenue from rapid expansion of our COVID-19 testing products and services as well as ongoing cost savings initiatives. Net revenue per accession grew to more than \$69 per accession versus \$62 in Q1 2020 on improved testing mix. And the average product order value during the quarter increased 12% year-over-year, reflective of higher-value products such as genomics, ELISA kits and antibodies.

Enzo Life Sciences gross margin was 49% compared to 52% a year ago and experienced an increase of 3% from the previous quarter due to improved product mix and the impact of the COVID-19 pandemic. We are focused on improving gross margins in the division for the coming quarters aided by an improved mix of products being sold into a more stable marketplace.

On the consolidated expense side, research and development expenses decreased 29% to less than \$800,000 or 3% of total revenue from \$1.1 million or 5% of total revenue in the year ago period. Selling, general and administrative expenses of \$10 million or 35% of total revenue decreased substantially from \$11 million or 55% of total revenue in the year ago period.

GAAP net income was \$0.3 million or \$0.01 per share versus a loss of \$3.3 million or negative \$0.07 per share last quarter and a loss of \$7.7 million or negative \$0.16 per share in the year ago quarter. Adjusted EBITDA in the quarter was a positive \$1 million compared to an adjusted EBITDA loss of \$5.7 million in the previous year's first quarter. The significant improvement was driven mainly by increased gross margin from testing mix, lower reagent costs, reduced SG&A expenses from efficiencies and reduced intangibles and amortization costs and travel.

Cash and cash equivalents totaled \$46 million as of October 31, slightly lower than the \$48 million at the end of the fiscal year due to increases in accounts receivable, inventory and capital expenditures. Working capital improved to \$37 million from \$36 million at the start of the fiscal year. As of October 31, 2020, the company had 47.9 million shares outstanding.

We remain committed to investing in our key growth areas as we expand our product and platform capabilities as an integrated solution provider of product and services in molecular diagnostics, immunoassays, cytology and immunohistochemistry. We expect this investment to yield significant gross margin improvement in a normalized post-COVID environment. By combining continued revenue growth from our PCR-based testing platform

and improved margins and operational discipline, we believe Enzo will benefit significantly from its position as a leading, vertically integrated, end-to-end diagnostic company.

I'll turn the call back over to Barry for closing remarks.

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

Thanks, David. Both revenue and profit margins have increased dramatically, as you can see in the recent months, but perhaps more impressive is the company's transformation. We are one of the few companies to incorporate a biotech entity, a diagnostics division and a CLIA-certified clinical laboratory. Moreover, our integration has yielded advanced technology in products and platforms that are more economical; provide, in most cases, proven heightened sensitivity and compatibility with existing open systems employed throughout the diagnostics industry.

What is particularly evident in this most recent quarter has been our flexibility to adapt to existing procedures to safely and effectively meet the demands for testing resulting from the pandemic. The advent of vaccines that hopefully will enable the world to deal with the COVID-19 virus and return to normalcy will not, in most expert opinions, lessen the need for taste testing or safeguards. This will present an opportunity for Enzo, but it will also underscore the vital role of diagnostics and how they will play in the future in terms of satisfying medical needs.

Regarding corporate governance, we were able to attract knowledgeable and capable new independent directors to add value and take advantage of our assets and opportunities as we grow Enzo. Our comprehensive end-to-end solution for modern clinical diagnostics and our ongoing developmental programs make us uniquely positioned within the broader molecular diagnostics market both now and in a post-COVID environment.

With that, I will turn the call back to the operator, and we're happy to entertain questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Kyle Mikson with Cantor Fitzgerald.

Kyle Alexander Mikson - Cantor Fitzgerald & Co., Research Division - Analyst

Congrats on all this, all these updates here, and the impressive quarter. So net revenue per session increased nicely year-over-year. Just was wondering how successful you are in expanding or kind of cross-selling your core offerings to customers who initially had the COVID test and it would just be great if you can provide any specific examples and how that kind of has been trending over the past couple of months.

David A. Bench - Enzo Biochem, Inc. - CFO & Principal Accounting Officer

Yes. So we announced an SIT program, our School and Institution Testing program. And that particularly was for COVID but has extended beyond that, with many schools asking us to help them with their health centers, specifically with regards to sexually transmitted diseases but also other things within the health center. Also, with regards to other areas like nursing homes and urgent cares, we're also finding that expansion where they -- we open the door through implementing our COVID program, but then we're almost expand beyond that within all the other testing that we're able to do. So it is a very interesting model for us as we're able to come in with COVID and then get the breadth of services across the platform.

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

In many respects, the COVID scenario and situation has been a showcase for Enzo to be able to demonstrate its capabilities in terms of providing services that were timely and effective, in most cases, for these providers. As you may be aware, and we're witnessing today with the resurgence of the virus and the increase in testing demands out there, many labs, specifically, some of the largest labs in our country, are now running very extended return periods for their testing. Some labs are now suggesting 3 to 7 days return on a COVID molecular. And as we all know, getting a result in 3 to 7 days doesn't necessarily fit the bill for exacting diagnosis or containing the spread of the disease.

We have been able to ensure our turnaround time, for the most part, between 24 and 48 hours, and that's been our goal. I think that has been extremely well received, and it has allowed us to pick up new clientele. And the clientele we have been working with and extending into is being targeted for also moving their testing, their routine testing, their existing testing beyond COVID testing into our services capability. And we believe that will serve us well in the post-COVID environment as we expand both the nature and type of businesses we're servicing as well as the breadth and scope of the testing that we're providing and expand our revenue lines and service provisions in the future period.

Kyle Alexander Mikson - Cantor Fitzgerald & Co., Research Division - Analyst

Got it. That was perfect. And I wanted to move to the Farmingdale facility. I was wondering if there was an update there. When could the doubling of the facility be completed, I guess, and then just remind us of the annual run rate revenue that you would expect to achieve kind of regarding that facility?

David A. Bench - Enzo Biochem, Inc. - CFO & Principal Accounting Officer

Right. So we've already expanded our facilities with regards to our COVID capabilities on GenFlex, and we continue to expand that as we move forward. So that doubling of the capacity is being achieved as we speak. We're bringing on new machines, new resources and new capabilities within our molecular diagnostic areas. The full 21 Exec boulevard newbuild that is a 1- to 1.5-year project, and that's going to take some time to get there. But that is really an all-encompassing project for the company from a CapEx perspective as well as an expansion perspective.

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

I think the acquisition of our third structure, which we announced, I would say, about a year ago, was -- had tremendous foresight in it, in light of what has taken place with COVID. We have been shifting our physical facilities around to meet the changes of structure of our employees in terms of keeping them safe. The whole COVID period was an extraordinary logistical challenge for us where we had to move out back-office staffing that could work from home, where possible. We had to expand our production floor to bring in new platforms, new instrumentation to meet the accelerated demand and the demand for rapid turnaround timing. We were fraught with issues in terms of bringing in new employees.

We have quite an extensive search out for bringing in strategic positions today to help us in our expansion. The new facility, which is under construction, has already been utilized by certain groups that we started to bring back from home work. So that facility has proven invaluable in our ability to meet the demands, to restructure the facilities' production options and capabilities. And we see over the next year, we will, one by one, be reshifting different departments and expanding our production floor to meet even greater demand that we anticipate even in a post-COVID environment when we see the advent of serology tests stepping in to validate immune response based on the vaccine.

Kyle Alexander Mikson - Cantor Fitzgerald & Co., Research Division - Analyst

Got it. That makes sense. And kind of like similarly, saw the new run rate revenue is \$115 million, up from \$100 million. So I was wondering if you could kind of talk about the dynamics that drove that increase, like, the delta there. And then as we're thinking about just the full fiscal year, do you expect to reach profitability, I guess, for the full year? I know it's probably tough to kind of see to this, but what should we be thinking about quarter-to-quarter as it relates to operating expenses and maybe gross margin?

David A. Bench - Enzo Biochem, Inc. - CFO & Principal Accounting Officer

Right, so the -- as you know, we're in turbulent times right now, so it's very difficult to provide quarter-by-quarter guidance. But what I could say to you is that we are expecting, over the next few months, continued increases in the COVID testing, even pre everybody getting a vaccine, right? So that in itself should obviously lend to the comfort of our \$115 million-plus run rate. With regards to product and services mix, we don't really speak to that yet in any real granularity. But obviously, COVID was a significant impetus to the growth. That being said, as we mentioned, our account growth also helps and has been -- as we open those accounts, we moved them to other things within it.

The last thing I need to point out, which I think is very important, is the margin expansion is not just based on COVID. There's also margin expansion as we move the rest of the molecular platform over to our GenFlex platforms. And that's important because, historically, we've seen these very low margins in the lab of 15% to 25%. We expect that margin to grow beyond that. Even in a normalized area, now we're showing 40-plus percent margin in our lab. And so that helps gain that profitability that you're talking about right now within the company.

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

Yes. Just to emphasize that point because it is a very important point, the improvement in margin certainly is partially attributable to the COVID testing. But the uniqueness of our corporate structure, having both the product development manufacturing side of our business support the services side of our business, has allowed us to utilize our own equipment, our own manufactured product. And thus, we are able to extend the margin even on the, what I would call, non-COVID testing areas. And we're seeing that within our numbers.

Also, not to discount it at all, over the last year, we have gone through an extensive cost containment program, which we spoke to just about a year ago, and we have drawn out of the cost structure close to \$10 million, which is what we targeted back then. And we have successfully delivered on that promise. And that is now also being reflected in the numbers. So we have a multiplicity of contributions that are driving the margin improvement and the performance and we hope that will continue on.

Kyle Alexander Mikson - Cantor Fitzgerald & Co., Research Division - Analyst

Awesome. That was perfect. And just kind of switching gears here, so obviously, the new directors have this like therapeutic kind of focus. And it sounds like you'll be kind of emphasizing companion diagnostics and liquid biopsy going forward, so it sounds compelling, obviously. Can you just discuss that strategy or maybe the plan and, with a little bit more detail, maybe your goals with respect to the companion Dx, so the liquid biopsy, I guess, offering?

Barry W. Weiner - Enzo Biochem, Inc. - Founder, Treasurer & President

We are looking to extend the capabilities of our company into areas that we think we can make a material contribution and produce products and/or services that will be contributory for higher-margin returns in the diagnostics sector. Obviously, one of the key areas is the extension into liquid biopsies. As we see the area of cancer diagnostics start to evolve, we see the opportunity to extend our technology platforms into the area of drug discovery, in the area of supporting CRO work and new drug development. We are already providing certain services to CROs currently. The new directors are really very focused and knowledgeable in multiple areas, specifically in the area of drug discovery, of drug validation and the utility and need for companion diagnostics with the evolving new biologicals that are coming forward.

Enzo has a significant technology portfolio. We've spoken about it in the past. The wealth of our intellectual property stake is not that well comprehended by the average of investor or even the average pharmaceutical company. And we believe we can mine our technology base and apply it in areas of product development, which will give us a significant edge. And we are looking forward to these new directors who have really a very different and, I would say, significant experience base than directors we've historically had to be able not only to guide into that but to make the appropriate introductions and context to allow us to build a presence in the pharmaceutical industry that will drive not only our support work but help us perhaps in our own therapeutic efforts to bring forward opportunities that can create shareholder value.

Kyle Alexander Mikson - *Cantor Fitzgerald & Co., Research Division - Analyst*

All right. Great. Yes, that sounds really promising. And I just wanted to ask one more question, kind of a big picture question. Recently, we saw that just given the recent increasing number of COVID tests being processed, there's a significant shortage of the supplies needed for STD diagnostic tests, including the reagents. And so I just wondering if you could comment on that and then the potential impact on Enzo. And I guess, ultimately, given that STDs are commonly asymptomatic, do you expect there could be a potential bolus of patients for your tests over the next few quarters or so?

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

The answer is yes. I mean the issue of shortages in our industry has been one of the key challenges from the minute the COVID issue was recognized. I don't know if you go back. And the initial shortage that we all faced back in March and April, we couldn't get enough swabs of the specific type that were required for the molecular test. I mean this is an area I have a particular passion on because, every day, to make this facility and this operation work and to be able to provide the services our customers are demanding and begging for in the early periods required daily review and challenges to overcome the supply chain shortages that were coming forward not only to Enzo but to every laboratory in the country as we know it.

What is unique about Enzo is that, fortunately, we manufacture most of our own molecular reagents. And that's really what differentiated us in the early part of this pandemic. And today, it is what gives us that edge. That vertical integration is now fulfilling its vision and giving us the economic edge as well as the supply edge. Now that is not to say that we still don't witness supply chain shortages. We are all witnessing it. And these shortages initially were in the swabs. Then it was in the reagents. Recently, in the last month, it's been in the consumables, the plastic tips that go into the machines. What you have to appreciate, there are a limited number of global suppliers, and they are being demanded on by every lab around the world.

And so where we can be self-sufficient, and we have been extremely self-sufficient and very creative in our processes to be able to manage, it has been an incredible challenge. And I think the ability that we have shown and the foresight in our own product lines, in our own design and strategy, in putting forth our own platforms, in producing our own reagents, has really -- is really starting to show itself as a strategy that is -- was viable and important and fulfilling its design. But still, going forward, there are daily shortages on every level. And it will be a continuous problem as the demand on testing continues to expand, and it looks like it will continue to expand.

Operator

Our next question comes from Thomas O. with Evermore Global.

Thomas O. - *Evermore Global Advisors, LLC - Assistant Portfolio Manager*

Barry and David, just wanted to say congrats on the quarter. Great job on quickly ramping up on the GenFlex platform to deal with COVID-19. Look, you guys are working on a lot of initiatives concurrently, and it would be helpful if you could just kind of walk us through on how you're thinking about the next phase for Enzo as it relates to priorities post-pandemic.

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

It's a very, very good question. We are wishful and hopeful that the vaccine will temper this virus and get us all back to normalcy, obviously. It has allowed Enzo to showcase itself. I think it has provided the environment for Enzo's strengths to become visible, and not only visible on an observation level but visible on a production and product level, to multiple customers around the world. That being said, post-COVID, and we are acutely aware that at a point in time, there will be a shift, a potential shift, in necessity and need in the marketplace. Right now, molecular testing is the gold standard. We have seen the introduction of a number of rapid tests. I think the sensitivity and specificity of those tests has now demonstrated that

they may serve a purpose but they certainly are not the answer that the molecular test gives in terms of accuracy and immediacy for contagious issues here.

That being said, what we are -- what we believe will happen in a post-COVID environment, as the vaccine begins to become more extensively applied, will be the need for testing to validate and verify immunity. That means the serological test will be one that we think will have to be employed by those who are vaccinated to validate whether they have antibody production, the sustainability of that production. I mean you have to remember that the vaccine still is yet unproven in terms of its durability. It's interesting, as recently as this morning, I was reading a scientific study on one of the vaccines which said that they're hopeful it has a 6-month antibody sustainability. They don't have enough time, but they're already seeing it fall off. That means that testing will be predicated and necessary as long as this virus is proliferative.

And we believe that our program to address that is comprehensive. We currently are running IgG tests for the antibody, but we think there will be a need for IgM, IgA and another series of more rapid types of test for people to say, "I've been vaccinated. I'm immune." And I think when you look at the numbers that, that might drive the numbers of people that will be vaccinated, I think it will be another leg to the COVID testing story. We also see, and we're very focused, on building our business and capitalizing on the goodwill of the large number of new accounts that we have been able to bring in-house because of COVID testing. And I mean I do know we have taken business from many of the larger labs because of our rapid turnaround time, because of our service levels.

I mean it's interesting to see the universities and the school programs that we've put together. At the universities, we have teams of swabbers that are there every day on campus, taking samples from the students. We're not just the processor, we're facilitating the testing capability of these universities. And that has, by word-of-mouth, spread. And we're getting new business because of the quality job that we're doing in our existing institutions that we're servicing to the point that we actually have to be measured in terms of us being able to be able to manage the volumes that are being presented to us. So we see the future as leading not only to COVID testing, but we're now taking specimens from school health services.

Obviously, the STD market there is high, and that's one that fits very well with our molecular platform. We had approval for our STD panel pre-COVID, and now we're able to extend that into these higher-level academic institutions. Nursing homes, another interesting model for us. Pre-COVID, we did not do a lot of nursing home business. Post-COVID, we not only feel that we will be able to do ongoing COVID testing but we will hopefully be able to get the other, what I would call, legacy or routine business, which is quite significant from these nursing home clientele because, again, we provide a level of service which is special in our industry.

So I think there are programs in place. We're looking at new types of tests. We're looking at service provision that I think is unique in the market, and we hope that will extend and grow this business significantly in the next 6 to 12 months. Also just one further comment, it's on the direct-to-consumer initiatives and the point-of-care testing. The direct-to-consumer is just starting now. I mean we're getting interest and activity on our website. People are now taking the direct-to-consumer test to our portal, and the point-of-care test will be very interesting because it will dovetail with that program. So I think there are many initiatives. The technology development cycle is aggressive, but we're addressing it very readily now.

Thomas O. - *Evermore Global Advisors, LLC - Assistant Portfolio Manager*

Great. And I just had one more question. You mentioned the launch of this new portable microplate reader. I guess the question is twofold. One, how should we think about the launch in terms of time line to commercialize? And two, is there currently any existing technology out there where your product is looking to effectively displace it?

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

The launch is ongoing as we speak right now. This device is a very, very -- it's a very unique and clever device. It actually looks like a 5-inch by 8-inch cell phone-type device. It fits a little plate that you put samples into, and you plug it right into your computer. And it will initially have applicability in an academic setting and in a research setting because it allows scientists or researchers just to plug right into their computer and run their specimens very quickly and efficiently without using equipment that might be shared or have a location difference from what they're doing. It's a

very, very clever device. The whole purpose of it is to drive our extensive ELISA kit program. I mean we have -- we are a marketer of many kits that are targeting all sorts of developmental interests for researchers and academics.

If you look on our catalog on our website, you'll see hundreds of these tests. And this device is to provide us a complete solution for these researchers. And it's a sense to drive the utility of our ELISA offerings. So it has both uniqueness in size and convenience and cost. And at the end of the day, ELISA readers are prolific throughout the industry, but it's almost like a new model of your cellphone that can work with your computer and give you independence and autonomy from your laboratory. So we think it has some legs to it, and we're very excited about it. It's just beginning now.

Operator

Next question comes from Paul Nouri with Noble Equity.

Paul Nouri - *Noble Equity Funds - Founder, MD, and Portfolio Manager*

So the products that you got EUAs for, are you actually selling those into the market? Or are you primarily using those for your own lab?

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

Our own lab has been the major customer because of supply chain requirements. We have interest from other entities and institutions for our platforms. But because of the supply chain needs, we have been slow in providing those because the utility is being absorbed by our own lab. And thus, the margins there are quite good for us in doing that. But we're looking forward as we have both U.S. and international interest. And over the next few months or so, we hope that as the supply chain eases, we'll be able to start to ease those products into the market.

Paul Nouri - *Noble Equity Funds - Founder, MD, and Portfolio Manager*

Okay. And the press release said that the company was in the process of evaluating business opportunities. I was wondering if you could expand on the areas that you're most interested in or what exactly this means? I mean does it mean more that you're looking to make tuck-in acquisitions in areas of technology that you're looking to expand in or perhaps divestments? And then, I guess, related to that, one of the activist investors brought up that the company had engaged Lazard. And I was wondering if there was any update on that or any information related to that.

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

Sure. The statement applies to a variety of different opportunities. Unlike many companies, we have multiple developmental options to exploit. Specifically, we have 4 major platforms that have been under development, each being developed to provide unique capabilities to the market. The GenFlex, which we speak about for our molecular platform, is the most developed of them all. It's being worked. We have multiple platforms running every day in our lab, processing not only COVID but a variety of molecular tests. We have a program in the area of immunohistochemistry, we have one in the area of cytology and we have one in the area of immunoassay development. Our goal is to fully develop each of these 4 platforms into independent value centers. And to do such, we have a limited number of areas on our own that we can fully exploit, particularly in the hectic environment that we're dealing today with COVID.

And the statement really applies to dialogue with potential partners, codevelopers of our platforms to establish them as independent value centers. And we believe that the intrinsic value that sits within each of these platforms, when broken apart from the overall totality of Enzo's work, can be brought to light. And that's where we are looking to leverage our assets and to apply them in those areas. In terms of the relationship with Lazard, the COVID environment certainly has created diversion. There's not much to say on that as of this point in time. And -- but we will, if anything develops, certainly report that in the market in a timely fashion.

Paul Nouri - *Noble Equity Funds - Founder, MD, and Portfolio Manager*

Okay. And then is there any update on any of the lawsuits that you guys have pursued against industry peers?

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

Nothing -- I mean everything that -- the current update will be provided in the 10-Q, but there -- these are ongoing issues. As you know, the courts during the COVID issue have been somewhat limited in their execution. So the whole period has been stunted by the COVID environment.

Operator

I would like to turn the floor over to Barry for closing remarks.

Barry W. Weiner - *Enzo Biochem, Inc. - Founder, Treasurer & President*

Well, thank you so much for joining us today. While we are very proud of our revenue growth and profitability achieved this quarter, it is really only one step in transforming Enzo into an integrated end-to-end diagnostic products and solutions company and building and investing in the infrastructure for growth. We look forward to the next quarter or 2 quarters as we drive much of the developments and the opportunities that we've reported on today. We are looking forward to a very exciting period, though challenging period, I have to tell you. The workforce here has been pushed to its limits, and they have actually responded well to the challenges. But this is an ongoing scenario. We have a lot on our plate. I believe we will be able to deliver a lot going forward, and we look forward to reporting to you. Thank you for your time.

Operator

This concludes today's teleconference. You may disconnect your lines at this time, and thank you for your participation.

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