OraSure Technologies, Inc. (2025 Q1 Earnings)
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Corporate Speakers

- Jason Plagman; OraSure Technologies, Inc.; Vice President of Investor Relations
- Carrie Eglinton Manner; OraSure Technologies, Inc.; President and Chief Executive Officer
- Kenneth McGrath; OraSure Technologies, Inc.; Chief Financial Officer

Participants

- Patrick Donnelly; Citi; Managing Director, Equity Research
- Vijay Kumar; Evercore ISI; Senior Managing Director
- Andrew Cooper; Raymond James; Vice President, Equity Research

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the OraSure Technologies, Inc. 2025 First Quarter Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Jason Plagman, Vice President of Investor Relations. Please go ahead.

Jason Plagman^ Good afternoon. And welcome to OraSure Technologiesص first quarter 2025 earnings call. Participating in the call today for OTI are Carrie Eglinton Manner, our President and Chief Executive Officer; and Ken McGrath, our Chief Financial Officer.

As a reminder, today's webcast is being recorded, and the recording can be found on our Investor Relations website. Before we begin, you should know that this call may contain certain forward-looking statements including statements with respect to revenues, expenses, profitability, earnings or loss per share and other financial performance, product development, shipments and markets, business plans, regulatory filings and approvals, expectations and strategies.

Actual results could be significantly different. Factors that could affect results are discussed more fully in OTI's SEC filings, its annual report on Form 10-K for the year ended December 31, 2024, its quarterly reports on Form 10-Q and its other SEC filings.

Although forward-looking statements help to provide more complete information about future prospects, listeners should keep in mind that forward-looking statements are based solely on information available to management as of today.

OTI undertakes no obligation to update any forward-looking statements to reflect events or circumstances after this call. With that, I am pleased to turn the call over to Carrie.

Carrie Eglinton Manner^ Thanks, Jason. And thank you to everyone for joining us today. We are pleased to provide an update on the progress OraSure is making on the three pillars of our transformation: one, strengthening our foundation; two, elevating our core growth; and three, accelerating profitable growth.

Today I'll discuss a few highlights from Q1 and our progress on key priorities for 2025. A few notable developments during the first quarter include the strength of OTI as demonstrated in our ability to navigate continued uncertainty due to external market factors.

And examples of that are we reported revenue in Q1 that was in the top half of our guidance range for both total revenue and core revenue. The preference for our differentiated products across our customer base, which we continue to expand and diversify. We are also making good progress in advancing our innovation roadmap including multiple new product milestones expected in 2025, as I'll describe in a few minutes.

Integration of Sherlock Biosciences is off to a good start with a talented team of scientists and other professionals who are helping expand OTI's product pipeline with molecular diagnostics innovation including a low-cost disposable platform on which we're advancing the clinical study for chlamydia and gonorrhea or CTNG as its initial test with others to follow.

Solid execution, providing seamless continuity for our customers as we in-source manufacturing of our SMS products from contract manufacturers to our facilities in Bethlehem, Pennsylvania. We expect to have this transition substantially complete by the end of Q2, which is months ahead of the expected timeline when we initiated this project in early 2024.

In late March, our Board authorized the repurchase of up to $40 million of our common stock over the next two years from the authorization date, which will be funded from cash on hand and aligns with our capital deployment strategy. Diving into our core business. Q1 core revenue of $29.5 million was above the midpoint of our guidance range. Core revenue decreased 2% on a year-over-year basis and was flat compared to the prior year period after adjusting for our previously announced exit from the risk assessment testing business. Diagnostics revenue grew 8% year-over-year and Sample Management Solutions revenue decreased 16%, with the year-over-year decline attributable to disruption at a large customer in the consumer genomics segment as we previewed on our earnings call in February.

Within our Diagnostics portfolio, growth was driven by our international business including revenue from the initial orders we received last year for our WHO PQ listed hepatitis C self-test. We believe that delivering successful results through a pilot with a National Health Ministry in Africa will demonstrate the value of HCV self-testing programs and potentially lead to similar initiatives in additional countries in the years to come.

As you may recall we received WHO prequalification status in July of 2024, and our OraQuick HCV self-test is the only hepatitis C self-test to earn this designation. With current pressure on aid funding for public health, we believe that the proven success of interventions and documented health economic data demonstrating their value will help the industry, including OTI, through a transition to increasingly durable sources of funding.

Shifting to Sample Management Solutions, or SMS. Revenue in Q1 was consistent with our expectations given the impact of a disrupted ordering pattern from the consumer genomics customer. Excluding the impact of that singular decline, SMS revenue grew on a year-over-year basis in the first quarter.

Overall market trends in SMS remain mixed with growth in clinical genomics and animal health, offset by anticipated softness in academic and research labs related to uncertainty with NIH funding as we previewed in February.

At a high level, we continue to believe it's a matter of time when, not if genomics end segments return to consistently stronger growth, driven by scientific advancements and greater clinical adoption of precision medicine, while customers continue to demonstrate their preference for our OTI products.

On that note, we are delighted to announce that Myriad Genetics has renewed their agreement, reaffirming their trust in our products and services. We believe that this renewal underscores the value and reliability of our FDA-cleared Oragene Dx saliva collection kits in supporting a number of Myriad screening tests.

Additionally, Fulgent Genetics, a long-time customer and collaborator with DNA Genotek, recently renewed their commitment to continue to offer our FDA-cleared ORAcollect Dx saliva collection device as an option for their advanced genetic testing and research. This decision demonstrates Fulgent's focus on providing convenient at-home solutions that ensure accurate and efficient saliva collection, which is critical for their cutting-edge work in genomics. Renewals like these and other examples we've shared across the quarters demonstrate OTI's leadership and customer loyalty earned by the quality of our devices and consistent service delivery by our team over many years.

We continue to focus on strengthening our customer relationships while also expanding and diversifying them, and we continue to closely monitor ongoing developments amidst existing market uncertainty including funding across our key segments.

Our international Diagnostics business remains steady, even while our growth rate has been impacted by the elevated uncertainty related to U.S. funding for global public health initiatives that we discussed in February.

Over the last few months, there has been disruption in USAID and PEPFAR-sponsored programs. Yet in spite of on-the-ground staffing challenges for implementation, we do see some continued

activity, which we attribute to the value of these life-saving programs and their history of proven success with rapid self-tests that are easy to use and interpret at the point of need, at home and really anywhere.

As we previewed in February, we have seen less disruption to date in multilateral funded aid programs, such as the Global Fund to fight AIDS, tuberculosis and malaria. But we continue to closely monitor the situation and expect that these programs are likely to tighten budgets.

We continue to support execution of test-to-treat efforts, Diagnostic testing is critical in any successful HIV initiative. While international diagnostics remains stable at this time I'll repeat that we continue to frequently engage with our partners and closely monitor the situation.

In the U.S., on the other hand, headwinds in our Diagnostics business have increased over the last few months. Public health organizations at the federal, state and local levels in the U.S. are dealing with elevated uncertainty given potential cuts to their budgets and significant reductions in staffing at HHS, CDC and other agencies that administer public health programs. To that point, we understand that the Together Take Me Home program is scheduled to end later this year due to funding impact of CDC budget and staff reductions.

We are working with our partners in the program as well as the broader HIV and public health communities to explore alternative avenues to continue this meaningful work beyond the program's scheduled termination at the end of the current federal fiscal year on September 30.

OTI's revenue from the Together Take Me Home program was $8 million in 2024 and is expected to be approximately $4 million in 2025, which includes $1.5 million of revenue in Q1. While the market in the U.S. faces elevated uncertainty, our position enables us to focus on strengthening our customer relationships and establishing new ones to continue expanding the markets we serve with our rapid diagnostics.

Over the last few quarters, we have focused on growing our base of customers who are less reliant on public health funding, such as specialty pharmacies, hospitals and medical centers plus DTC testing and telehealth companies, which we've described as part of our business-to-business to consumer or B2B2C priority.

We are pleased to note that a growing number of the new customers we signed in Q1 were in categories that are not historically reliant on public health funding, demonstrating early momentum with this initiative.

For example, our HCV business saw solid growth in Q1, driven by expanded use of our OraQuick HCV test in emergency room settings and our OraQuick OTC HIV test now available through Everlywell.

Switching gears to Sample Management. The overall trend is mixed. It's muted but stable outside of significant disruption concentrated in the single large customer mentioned previously. While

we built good momentum over the past years in diversifying our customer base, growth with new customers in SMS isn't yet offsetting that headwind.

Additionally, the NIH funding environment remains uncertain with budgets and projects proceeding but in an uneven, study-by-study basis. We are encouraged that our academic and research customers are beginning to see some positive movement in the grant review and funding process.

Regarding tariffs, for now we expect minimal impact on OTI, and we continue to monitor it. Our current supply chain is highly concentrated in the U.S. and Canada and has fairly limited exposure in the current tariff environment.

In part, we are well positioned because our transition to in-sourcing of contract manufacturing from Canada to Pennsylvania is on track for substantial completion in Q2, well ahead of our expected timeline when we kicked off the project in early 2024.

We are currently capable of producing more than half of all global SMS volume in our Bethlehem, Pennsylvania facilities. And by the end of Q2, we will be capable of producing the vast majority of SMS volume in Pennsylvania, consistent with our plan that also maintains existing partnerships in Canada for surge capacity, redundancy and potential mitigation of other global reciprocal tariffs. We expect that our operating efficiencies from the transition to in-house manufacturing will ramp in the second half of 2025 and into 2026.

Overall, these are fluid situations impacted by the changing dynamics of the federal government. While we do not have full visibility right now we wanted to provide updates on evolving external factors as we closely monitor them along the way.

Switching gears to growth opportunities with our innovation that serves customer needs from research to clinical and beyond including customer innovations leveraging our technologies along with life cycle expansion and new product launches.

While our Oragene and ORAcollect products remain the only 510(k) cleared saliva collection devices for use in clinical applications beyond COVID-19, they are also used to enable innovation in critical research applications. A recent example that we are pleased to highlight is a study published in the New England Journal of Medicine on a new at-home saliva test to identify men at high risk for prostate cancer. The study named Barcode One was carried out by the Institute of Cancer Research London and the Royal Marsden NHS Foundation Trust to help diagnose prostate cancer earlier and more accurately.

The DNA extracted from samples collected using Oragene research use only saliva kits was used to calculate the polygenic risk scores based on 130 variants associated with an increased risk of prostate cancer. This innovative approach utilizing saliva collection allowed for more accurate and effective identification of individuals at high risk of developing aggressive cancers compared

to the traditional PSA or prostate-specific antigen blood test. Further studies will test this approach to ensure it works at scale and for men of all ethnicities.

Additionally, ORAcollect saliva collection is being used in the Generation Victoria or GEN-V study, which is the largest longitudinal study of children and their parents in Australia with the aim of developing a better approach to child health, development and well-being in the state of Victoria.

By supporting research through the integration of our saliva collection devices in breakthrough studies like these, OraSure is proud to contribute to early discovery and innovation in health care diagnostics with a promise of better patient outcomes, in addition to our leadership role in saliva collection for clinical applications.

Moving to our Colli-Pee urine collection device. We continue to make progress toward our stated goal of submitting for FDA clearance in 2025.

In the meantime we are proud to support Color Health following the recent approval from the New York State Department of Health of their at-home cervical cancer risk screening test that utilizes Colli-Pee. Cervical cancer is a preventable disease, yet it often goes undetected until it is advanced. Traditional screenings can be costly and uncomfortable, leading many women to avoid them.

Our Colli-Peedevice plays a crucial role in this test by enabling the self-collection and transport of first void urine. With the addition of New York, the Color Health HPV test is available in all 50 states.

We are also excited to announce the upcoming release of our new microbiome extraction products scheduled for June. These products are designed to meet the diverse extraction needs of researchers and clinicians working with challenging microbiome samples, particularly for those with low or medium biomass. These proprietary extraction solutions have been optimized for use with microbiome collection devices from DNA Genentech, ensuring seamless integration and reliable results.

Success with difficult low biomass samples like vaginal or skin samples could unlock large potential markets such as women's health, cosmetic and dermatology applications. OTI's extraction innovation represents a significant advancement in support of microbiome research, offering enhanced capabilities and optimized performance across a wide range of sample types in this still small but promising segment.

Next, after acquiring Sherlock in December, we have been executing well together. Integrating the product pipeline and our teams has been remarkably smooth with talented employees who are great additions to our OTI family. And part of what OTI lends to Sherlock is our experience and expertise in sexual health diagnostics. Here, we are in the process of accelerating the clinical trial for our low-cost disposable molecular diagnostics platform and its initial test for CT-NG.

We remain on track to submit for its regulatory clearance by the end of 2025. Wrapping my commentary, I'll turn the call over to Ken to discuss our financial results and guidance.

Kenneth McGrath^ Thanks, Carrie. I'm happy to discuss our first quarter results and financial outlook. Total revenue in Q1 was $29.9 million. Core revenue, which excludes COVID-19 products and the molecular services business that we exited was $29.5 million and decreased 2% compared to the prior year period.

As Carrie mentioned, core revenue in the first quarter was flat on a year-over-year basis after adjusting for the impact of our decision to exit the risk assessment testing business. Within core revenue, diagnostic products generated $17.7 million of revenue in Q1 and grew 8% year-over-year. Sample management revenue in the first quarter was $9.1 million and decreased 16% compared to the prior year period.

As Carrie mentioned, and as we previewed on our last earnings call, the year-over-year decline in SMS revenue was due to the disruption at a customer in consumer genomics. Excluding that headwind, sample management revenue from the rest of our customer base grew on a year-over-year basis in Q1.

COVID-19 products contributed $500,000 of revenue in the first quarter, which was consistent with our expectations. Revenue in Q1 from the risk assessment testing business was $1.4 million. We divested certain assets related to the risk assessment product line at the end of Q1, and we expect to complete our exit from that business in Q2.

Our GAAP gross margin in the first quarter was 41.1%. Non-GAAP gross margin was 41.7%, which was consistent with our expectations. GAAP operating expenses in the quarter were $30 million, which includes $2.7 million of noncash stock compensation expense, a $1 million gain on the sale of fixed assets and a $478,000 expense related to an increase in the estimated fair value of acquisition-related contingent consideration.

Our GAAP operating loss in Q1 was $17.8 million, and our non-GAAP operating loss was $15.3 million. Looking at our balance sheet. We ended Q1 with 0 debt and total cash and cash equivalents of $248 million.

Operating cash flow in the first quarter was negative $19.7 million, which was in line with our expectations given our investments in innovation and the Sherlock clinical trial that we discussed on our last earnings call.

Our Q1 operating cash flow also includes a $9 million outflow related to typical seasonality in working capital that was primarily driven by the timing of annual incentive compensation payments and Canadian tax payments. Overall, we remain focused on maintaining the breakeven level for cash flow from operations for our core business as we move through 2025.

Switching to capital deployment. In late March, OraSure's Board of Directors authorized the repurchase of up to $40 million of our common stock over the next two years from the authorization date, which will be funded from cash on hand. Consistent with our capital deployment strategy, we also continue to evaluate inorganic growth opportunities that would expand our product portfolio, especially with commercialized innovation, and accelerate near-term revenue growth.

Turning to guidance. We are guiding to second quarter total revenue of $28.5 million to $32.5 million. We expect core revenue in Q2 to be $28 million to $32 million and COVID-19 and risk assessment testing revenues of approximately $500,000. Our Q2 guidance factors in a variety of scenarios regarding the impact of uncertainty associated with the funding for testing programs and academic and research budgets.

Our guidance also assumes continued disruption in ordering patterns from our large customer in the consumer genomics industry. This customer represented approximately $3 million of revenue in Q2 2024, and we don't expect significant revenue from them in Q2 this year.

We expect our gross margin percentage in Q2 to be flat to up slightly compared to Q1 and then expand in the second half of the year, with potential expansion primarily driven by growth in volumes. Additionally, we expect to realize incremental operating efficiencies from automation, site consolidation and in-sourcing.

Moving to operating expenses. In Q2, we expect core operating expenses in the low $20 million range plus $10 million of investments in innovation, which includes $7 million to $8 million of investments related to Sherlock. With that, I'll turn the call back to Carrie to conclude.

Carrie Eglinton Manner^ Thanks, Ken. While most organizations are navigating market turbulence, many of us in health care share passion for this industry's purpose, to help deliver better care, outcomes, quality of life for more people.

We rally around health care's meaningful purpose with the stamina to weather uncertainty. And in OTI, our stamina is bolstered by a very healthy balance sheet. We've worked hard to build it, and we'll continue to thoughtfully manage it and deploy our capital for long-term value creation. We are well positioned.

In diagnostics, we are well positioned with differentiated proven products that deliver high-quality rapid results and our multiproduct syndemic approach is resonating with customers. We are building momentum with Diagnostics Direct's Syphilis Health check, and we have good progress with our Sherlock molecular diagnostics platform with our CT/NG clinical trial for our initial test that is currently ramping to planned submission by the end of the year and with our increasing pipeline of diagnostic tests.

In SMS, we are well positioned with market-leading products today and an expanding portfolio, adding more sample types, analytes and applications. In 2025, we have planned product launches

with microbiome extraction kits and blood proteomics sample stabilization, and we are extending our leadership position into new sample types such as urine with Colli-Pee and blood with our proteomics offering, plus our entrance into the small volume self-collected blood segment later this year through our partnership with Sapphiros, who submitted Satio for regulatory clearance in April.

In addition to our product portfolio, we continue to expand and diversify market segments, geographies and our customer base, strengthening relationships with existing customers, such as Myriad Genetics and Fulgent Genetics while also cultivating many new ones.

Overall, we are confident that OTI has the capabilities, products, customer relationships, commercial channels and strong balance sheet to emerge from the current environment as a stronger enterprise, one that thrives while delivering on the purpose that motivates us. With that, I'm pleased to turn the call over to the operator for Q&A. Gigi?

QUESTIONS AND ANSWERS

Operator^ [Operator's Instructions] Our first question comes from the line of Patrick Donnelly from Citi.

Patrick Donnelly^ This is Brendan on for Patrick. To start, I want to talk about the guidance, specifically the international revenue. How have conversations been like with possible alternative funding sources? And then specifically on the HIV testing, how should we think about those testing demands kind of moving forward given the funding uncertainty there?

Carrie Eglinton Manner^ Yes. So Brendan, thanks for that. We talked in February about the USAID and PEPFAR-funded programs. And the impact that we had called out was just under $1 million of revenue that we saw moving. We have very close conversations with multiple funding sources, whether it be the U.S. funding sources or quite frankly, countries themselves, their departments of health. Those are going well. And what we're seeing is movement that had sort of stopped for a while, but that is restarting. And it's why we refer to it as, I'd say, steady but flat. So I think a little bit better than we'd expected. And then on that, the global funding, multilateral funding sources, again, we see more stability there because they come from multiple countries.

So I'd describe it as we were on a trajectory of 2023 being the biggest year in international, then it was '24, and we really saw that continuing into '25 until the uncertainty that we've been talking about, and that's where you kind of see it flattish and flattish from Q1 and Q2. So that's how I'd describe both international broadly and really that represents that HIV portfolio that you asked about.

Kenneth McGrath^ And just to build on what Carrie is saying, we have 10 years of a proven track record with a product that's easier to administer. It's a rapid test, oral test, and we have

strong relationships within international. And recall that for some of these funding cuts, one of the things that was waived were test- and-treat.

So now it's a matter of, yes, there's some disruption in getting the product there. But because our product is a self-test, it's oral and rapid, it's easier to distribute and the infrastructure required isn't as significant.

Patrick Donnelly^ Got it. And then sticking with the international piece. In the quarter, did you guys see any pull forward in demand ahead of any possible tariffs being put in place? And are there any like indicators you guys are really watching to see just how to track like future ordering trends?

Carrie Eglinton Manner^ We didn't see pull forward. We were monitoring the tariff situation really closely, having a manufacturing facility that we've been transitioning from Canada to the U.S. and having made a big in-sourcing decision from around the world prior to that.

So I don't know if I'm answering the question -- I'm sorry, if I'm answering it exactly how you meant it, Brendan, but we didn't see pull forward. And I'd say the tariff situation for us, we're seeing minimal impact at this point because we're so heavily concentrated in the U.S. with that Canadian in-sourcing having already started.

Kenneth McGrath^ Yes. To Carrie's point, the only impact you may see from us is we did a little bit of a buildup of inventory at the end of Q1 just as we were withholding some shipments just with some of the uncertainty, but that was about it for us. But because of --

Carrie Eglinton Manner^ In preparation.

Kenneth McGrath^ Preparation.

Carrie Eglinton Manner^ April. Beginning of April.

Kenneth McGrath^ Correct. In the preparation. But to the point, as you recall right, our strategy over 1.5 years ago was to bring in in-source manufacturing into Bethlehem, Pennsylvania. So we've been, I guess, ahead of this curve as far as getting manufacturing within the United States and specifically within Bethlehem, Pennsylvania.

Operator^ Our next question comes from the line of Vijay Kumar from Evercore ISI.

Vijay Kumar^ This is Daniel on for Vijay. The first one, I wanted to ask on the Together Take Me Home initiative. It sounds like that's a $4 million headwind here in fiscal '25. Does that assume no contribution in 4Q given the September termination? And then you also talked about alternative avenues once the work is terminated. If you could discuss those, that would be really helpful, too.

Kenneth McGrath^ Yes. So you're correct in your statement -- some of your statements, let me go through it.

So what we said was about $4 million for the year, about $1.5 million in Q1 and the remaining split between Q2 and Q3. And then as far as the ending of the program, it is at the end of Q3 and the end of funding. And now to your point about alternatives, obviously we believe that the program has demonstrated value in identifying positive patients with HIV.

So we think there is value there within the program and what's been established. So yes, we are exploring alternatives to continuing that program.

Vijay Kumar^ Got it. That's helpful. And then for my follow-up, I was curious on the SMS genomics customer, the lumpy one that was called out. What are you seeing in terms of their inventory levels and ordering activity? I know you said lower here in the second quarter, but any read-through to the second half based on conversations and order activity?

Carrie Eglinton Manner^ Yes. So you are correct in that we called out no volume in Q2 is what we anticipate. We don't have good visibility to any future ordering potential. So what I'd say is they're a very good partner. We stay very close, and we'll share any of that as we have it. But it's not just low volume. We have called out no volume for Q2. And while we don't have visibility beyond that, we stay very connected to them, and we'll share any of that as we have it. We normally don't provide guidance -- full year guidance anyway, but I think we'll share what we have when we have it.

Ken McGrath^ And from a positive kind of financial perspective and a small positive financial, we don't have any outstanding AR. So there's no collection risk or uncertainty associated with that.

Carrie Eglinton Manner^ Yes. And Daniel, you didn't ask, but I will point out without that disruption, the business did grow year-over-year. So while that is significant disruption at a single customer, we've spent the last couple of years really diversifying and expanding that customer base to ensure that those green shoots could help feed the business broadly. And so we absolutely see that. And it's why we called out without that, there was growth in SMS.

Vijay Kumar^ Right, right. Okay. That's really helpful and encouraging to hear. The last one I had, and then I'll get in the back of the queue is on PEPFAR and some of the funding disruptions. I think you were looking for a $1 million headwind in 1Q, and you said it came in a little bit better. Just if you could quantify that? And then what should we expect in 2Q and going forward? Is it like a $1 million type headwind a reasonable assumption to make?

Carrie Eglinton Manner^ So just to state what came in better. So it materialized as we thought. So the PEPFAR impact for Q1 was a combination. It was about $750,000 of PEPFAR and we called out another $150 of NIH. That materialized in Q1 to be around $1 million as we had thought. What's come in a little bit better than we anticipated based on that was Q2 being at

around the same amount. So we had called out PEPFAR volumes in case that continued to accelerate. Rather than accelerate, Daniel, we'd see that hold steady. So we would call that out as around the same level for Q2.

Operator^ Our next question comes from the line of Andrew Cooper from Raymond James.

Andrew Cooper^ This is Noah on for Andrew. I guess first one, it's good to see your buyback program, I think it was $40 million. Do you have any like timeline over the next two years that you want to deploy that? Is it going to be more this year? Or are you kind of waiting to see the stock at a certain level from here?

Kenneth McGrath^ Yes. So some of the details we said was $40 million over two years. And last -- when we talked about last, we mentioned that you can think of it as evenly being spread. So think about eight quarters divided by 40 kind of thing, so $5 million a quarter. And just for Q1, because we initiated it at the end of Q1, and there's a 30-day cooling off period, we didn't do any purchases in Q1.

Andrew Cooper^ Okay. Awesome. And then kind of sticking on the capital deployment end. You still have a pretty significant cash balance. Are you still looking at assets in the market?

Are you still focused on the Sherlock investments? Other players in the space have called out maybe dislocation on the M&A end where there's better valuation. So just trying to get a feel for what you're thinking on that end and if there's a particular area you would like to target.

Carrie Eglinton Manner^ Yes. You nailed it, Noah, with where we're focused. M&A and the potential to accelerate innovation and our growth through innovation into the strong portfolio we have, the customer channel we have, the manufacturing capacity and capabilities we've built.

So we're very much focused on M&A opportunities as well as delivering on the opportunities of Sherlock. So we've called out those investments bringing that molecular diagnostics platform and our first test being CT-NG, the clinical trial that's underway, that is a clear priority in the business as well. So you hear us talk about the investment in innovation, both internally with Sherlock and beyond the other product launches we've talked about this year and submission to FDA as well as M&A.

Operator^ At this time I would now like to turn the conference back over to Carrie Eglinton Manner, CEO, for closing remarks.

Carrie Eglinton Manner^ Thank you, Gigi. And thank you to everyone for participating in today's call. We appreciate your continued interest in OTI and wish each of you a great week. Thanks. Gigi, we'll close it with that.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.