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Q3 2023 OraSure Technologies Inc Earnings Call

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## CORPORATE PARTICIPANTS

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**Jason Plagman**

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## PRESENTATION

### Operator

Good day and thank you for standing by. Welcome to the OraSure Technologies, Inc. 2023 Third 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 first speaker today, Jason Plagman, Vice President of Investor Relations.

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### Jason Plagman

Thank you. Good afternoon, and welcome to OraSure Technologies Third Quarter 2023 Earnings Call. Participating on 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 in 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, including its registration statements, its annual report on Form 10-K for the year ended December 31, 2022, 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. OCI undertakes no obligation to update any forward-looking statements to reflect events or circumstances after this call.

With that, I'm pleased to turn the call over to Carrie.

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### Carrie Eglinton Manner *OraSure Technologies, Inc. - President, CEO & Director*

Thank you, Jason, and thanks to everyone for joining us today. We are pleased to provide an update on the progress OraSure's making on the 3 pillars of our strategic transformation. One, strengthening our foundation; two, elevating our core growth; and three, accelerating profitable growth. A few notable highlights during the quarter include: we generated \$37 million of operating cash flow in Q3 and grew our cash balance to \$225 million.

We continue to execute on our COVID-19 conduct, and we delivered stronger-than-anticipated IntelliSwab volumes during the quarter. And in September, we received an award for \$5.7 million for future orders of IntelliSwab COVID-19 test from the U.S. government as part of the reopening of covidtest.gov.

We delivered core growth -- core revenue growth of 7% on a year-over-year basis. We continue to unlock cost savings as part of our enterprise-wide focus on driving improved operating efficiency. And with our stronger balance sheet, we are investing in our internal innovation road map and evaluating external partnerships and investments to expand and strengthen our portfolio of assays and sample management solutions and services in order to accelerate our long-term growth.

Starting with cost as we continue to strengthen our foundation, we remain highly focused on delivering greater operating efficiency, including reductions in our cost structure for both production and nonproduction related expenses.

During the quarter, we successfully completed the final milestones included in our contract with the U.S. Department of Defense, related to the completion of our automation capabilities and capacity expansion at our Opus Way facility in Bethlehem, Pennsylvania.

Additionally, we have already collected the final \$24 million of milestone payments here in Q4. With this phase of the expansion completed, we expect to make further progress in consolidating our manufacturing footprint to drive additional efficiencies and cost savings. Over the last year, we have made tremendous progress in establishing an enterprise-wide mindset that is focused on continuous improvement in operating efficiency.

We expect to generate additional productivity enhancements over the coming years, including further leveraging our automation capabilities, consolidating facilities and controlling our nonproduction costs. These initiatives give us confidence that we will achieve our target of operating cash flow breakeven for our core business by the end of 2024.

Moving to COVID-19. Our IntelliSwab volumes were stronger than expected, generating \$50 million in revenue in Q3. Our relationship with the U.S. Department of Health and Human Services continues to be positive and we have good visibility to order trends that could complete the remaining portion of our existing contracts during the first half of 2024.

Additionally, as I mentioned earlier, in September, we received an award for \$5.7 million for future purchase orders from the U.S. government for COVID-19 tests that are available for free to households across the U.S. as part of the reopening of covidtest.gov. And on the product side, the U.S. FDA approved the shelf-life extension of IntelliSwab from 18 to 24 months in September.

Looking at our core business, which excludes COVID-related products, total core revenue in Q3 grew 7% on a year-over-year basis. In our HIV franchise, the Together Take Me Home program continues to demonstrate strong traction in expanding access to HIV testing to at-risk and underserved populations. And we look forward to continuing to collaborate with our partners as we enter the second year of this important 5-year initiative.

We believe the positive outcomes from this program could create additional opportunities for our infectious disease business.

Our differentiated HIV product also continues to resonate in international markets, which contributed to our growth in Diagnostics in the quarter.

Additionally, we are expanding our menu of tests available in international markets through a new partnership agreement that we'll launch late this year. Through this partnership, our international team will be able to offer 3 new infectious disease tests for syphilis, hepatitis C and hepatitis B in key markets through our existing sales channels and existing client relationships and new opportunities. We believe this expansion of our international test portfolio can provide additional fuel for future growth.

Additionally, in our substance abuse testing portfolio, we are pleased to announce the expansion of our point-of-care toxicology offerings through a distribution agreement with the manufacturer of these devices. This agreement allows us to leverage our sales team and channel presence and expand our services in the substance abuse testing market. As part of this agreement, we will add several oral toxicity panels covering a range of drugs, including THC, opiates and amphetamines.

Shifting to molecular. We continue to see signs of stabilization in our sample management solutions despite softness in some end segments that we've discussed previously. And we are seeing positive momentum in establishing new partnerships and commercial relationships as well as extending existing relationships. As an example, we are pleased to announce a multiyear extension of our relationship with Ambry Genetics. Ambry will be using our Oragene•Dx device for a variety of testing related to hereditary cancer, rare hereditary disease, reproductive health and pediatric disorders.

As we continue to expand and diversify our customer base, we're also proud to share the recent success we've delivered in the Companion Animal segment. Our Performa Gene product has been selected as the sample collection device for new canine health offerings that are being launched by 2 leaders in the space.

Overall, we continue to make progress on our initiatives to accelerate profitable growth through investments organically and inorganically, including external investments and potential acquisitions.

Our strong balance sheet and positive cash flow generation are key differentiators in the current market and economic landscape. We believe that these factors as well as our strong client and channel relationships, our track record of execution and consistent delivery for our customers, plus our experience navigating complex regulatory approval processes, positions OTI to be the partner of choice to help power precision health into the future.

With that, I'd like to turn the call over to Ken to discuss our financial results and guidance.

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**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

Thanks, Carrie. I'm happy to discuss our results for the third quarter of 2023 and provide updates on our financial outlook. In Q3, we delivered total revenue of \$89.2 million. COVID-19 products, predominantly IntelliSwab, contributed \$50.2 million of revenue in the third quarter. Purchasing patterns under our contract with the U.S. federal government were stronger than expected during the quarter.

Total core revenue, which excludes COVID-19 products, was \$39 million in the third quarter representing 7% year-over-year growth. Within core revenue, our diagnostics products generated \$19.6 million of revenue in Q3 and grew 59% year-over-year. This growth was driven by HIV test sales in the U.S. and international markets.

Looking at our molecular sample management products. Revenue in the third quarter of \$15.2 million decreased 4% on a year-over-year basis, but increased 17% sequentially, which was in line with our expectations.

We continue to see muted purchasing patterns from a few large customers during the quarter. That said, we are also seeing some signs of stabilization with current customers as well as opportunities in new areas, as Carrie discussed.

From a gross margin perspective, our GAAP gross margin in the third quarter was 49.7%. Non-GAAP gross margin was 50% in the third quarter due to improved operating efficiencies, including lower manufacturing scrap expense.

Looking ahead to the fourth quarter, we expect gross margin to moderate back to the mid-40% range due to product mix shifts, including the anticipated reduction in IntelliSwab volumes.

As a reminder, we have expanded our gross margin from the high 30% range at the beginning of 2022 to the mid-40s in 2023. And we believe we can drive additional margin expansion over the coming years.

We remain focused on delivering efficiencies across our enterprise, including consolidating sites, standardizing products, driving procurement savings and further leveraging our automation capabilities at our Opus Way facility.

Shifting to operating expenses. Our GAAP operating expenses in the quarter were \$33.4 million, which includes \$6.2 million for impairment of acquired intangible assets. Our non-GAAP operating expenses were \$24 million in Q3. The sequential decline in non-GAAP operating expenses was primarily due to a significant decrease in external legal fees.

We continue to focus on driving additional efficiencies in our nonproduction expenses in coming quarters. These cost savings are important as we look to utilize our cash to invest in growth and in our goal to achieve operating cash flow breakeven in our core business by the end of 2024.

Our GAAP operating income was \$10.9 million in Q3, which is up from \$0.9 million in the year ago quarter. Non-GAAP operating income

was \$20.6 million in Q3, which is an increase from \$11.7 million in Q3 2022.

We ended the quarter with 0 debt and total cash, cash equivalents and short-term investments of \$225 million, which is up from \$186 million last quarter.

The increase in our cash balance during Q3 was primarily driven by \$37 million of operating cash flow, including a reduction in our inventory levels. We also received \$6.5 million in Q3 related to the achievement of milestones at our Opus Way facility. Furthermore, during Q4, we collected the final \$24 million in milestone payments related to this project.

Turning to guidance. We are guiding to fourth quarter revenue of \$71 million to \$76 million, which includes IntelliSwab revenue of \$38 million to \$41 million. We expect Q4 core revenue of \$33 million to \$35 million, and the midpoint implies core revenue is approximately flat on a year-over-year basis. Finally, as part of our ongoing focus on enterprise-wide operating efficiency, we are on track to exceed the \$15 million of annualized cost savings announced in Q1 2023.

With that, I'll turn the call back to Carrie to conclude.

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**Carrie Eglinton Manner *OraSure Technologies, Inc.* - President, CEO & Director**

Thanks, Ken. During the third quarter, we delivered significant progress on our strategic imperatives. We continued to strengthen our foundation through strong cash flow generation and improved operational efficiency. We delivered some examples of our plan to expand the portfolio of tests that our sales team can provide to our clients, and we completed the final milestones included in our contract with the U.S. Department of Defense related to our capacity expansion at our Opus Way facility. Overall, we are confident OraSure is well positioned to execute on our vision of transforming health through actionable insights, powering the shift that connects people to health care wherever they are. And our mission of improving access, quality and value of health care with innovation in effortless tests, sample management solutions and services is aligned with where health care is headed in the U.S. and globally over the coming years.

With that, I'm pleased to turn the call over to the operator for Q&A. Operator?

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**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions) Our first question comes from the line of Jacob Johnson with Stephens.

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**Jacob K. Johnson *Stephens Inc., Research Division* - MD & Analyst**

Congrats on a nice quarter. Maybe, Ken, just on the gross margin line, that was a big standout in the quarter. It seems like from your comment, mix was a benefit this quarter, which we shouldn't assume in 4Q. But could you just discuss kind of gross margins on an ex-COVID basis how much improvement you've seen in the ex-COVID gross margin?

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**Kenneth J. McGrath *OraSure Technologies, Inc.* - CFO**

Yes. Thanks, Jacob. Yes, we are -- as we've expressed in the past, we are seeing improvements ex-COVID when it comes to leveraging some of our operational expertise. And in particular, we're seeing improvements in a couple of areas. One is around our -- as our continued facility consolidation and leveraging the overhead of our existing facility, the Opus Way facility. The other is in our automation and then leveraging that automation into our other product lines. And then some product standardization, where we can leverage, for example, some of our packaging improvements and innovation that we've achieved with our IntelliSwab product, we can start leveraging that into some of our other products. And then the other one is around our scrap. We've made a tremendous improvement in reducing our scrap levels on a regular basis.

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**Jacob K. Johnson *Stephens Inc., Research Division* - MD & Analyst**

And then maybe, Ken, I'll just stick with you for my follow-up. Just the guidance implies, I think, a \$5 million sequential decline in the base business in the fourth quarter. Is that just seasonality? Or is there anything else you'd call out there? .

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

Yes, I think you could probably lump it mostly into seasonality, in particular, in our international diagnostics and it's really the timing of our donor funding just a difference in timing from previous years and then some timing in our molecular products related to some of our larger customers in the purchasing patterns.

**Operator**

The next question comes from Casey Woodring with JPMorgan.

**Casey Rene Woodring JPMorgan Chase & Co, Research Division - Research Analyst**

So just on IntelliSwab, you said that there was more government contract revenue in 3Q than you expected. I guess, of that \$70 million line of sight you had in the back half, how much of that was in 3Q? How much is contemplated in 4Q for IntelliSwab? And then I think you mentioned that you have a line of sight for government revenue for first half of next year. Can you just help us kind of frame how we should think about the IntelliSwab run rate for '24?

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

Yes. I'll share some of the numbers that we've shared in the past and where we are today. So in the past, I think we shared the last quarter that we had about 26 million units devices left on the main contract with HHS for IntelliSwab. And we quoted in the past that, that price point is about \$5. That's the remaining, and we have confidence that the government would purchase the total amount there.

From the \$50 million of COVID revenue in Q3 at \$5, you can apply about 10 million of those units were consumed in Q3. So that leaves about 16 million left. Our guidance is roughly about \$40 million or so, \$38 million, \$40 million in Q4. So that's another 8 million in Q4, which would leave the remaining 8 million related to that one contract in 2024, which we expect to realize over the first half of the year. And then that does not include the additional revenue that Carrie mentioned in dollars now, now I'm quoting dollars of \$5.7 million of additional contract from the government that we received this past couple of months.

**Casey Rene Woodring JPMorgan Chase & Co, Research Division - Research Analyst**

Got it. That's really helpful. I wanted to touch on molecular services. I think that business declined 38% sequentially and 57% year-over-year. Can you just walk us through expectations there for 4Q? I would imagine that, that business is being impacted on from macro and funding-related kind of headwinds there. So has that stabilized at all? Do you expect to further step down? And kind of just what are trends in that business?

**Carrie Eglinton Manner OraSure Technologies, Inc. - President, CEO & Director**

Yes, Casey, I'll start. On molecular services, this is a business that's been -- was very impacted in COVID. This is microbiome sequencing services. We think, a super interesting part of precision health, but still very nascent. And during COVID, what I think everybody experienced was a real sort of delay in funding and pause on funding. And what we're looking for, I think, which everybody else is looking for as well, are those green shoots of return.

We do have some large customers doing really, really strong work. But I'd say, we do -- we aren't seeing the full recovery in that yet. That's sort of -- who knows if it's the bottom, we all hope it is. We don't know on timing, but we believe in the recovery of it. We think it's an interesting part of precision health, but it's -- I think it's just one of the most impacted that we're all looking for the return to investment in the space, both academic and with pharma. I don't know but I think that's probably kind of the color on it, but we're looking for that return just like everybody else is.

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

There is some lumpiness related to certain clients. But yes, that's [going forward].

**Casey Rene Woodring JPMorgan Chase & Co, Research Division - Research Analyst**

Okay. And then just last question for me, just sticking with molecular. So in the past, 4Q has seasonally been your strongest quarter given the consumer genomics holiday season benefit. I understand you guys have sort of flattened those contracts out over the years. So just kind of curious on that kind of customer lumpiness. It sounds like -- there's still some seasonality in that business reflected in the 4Q

guide. So I just want to see if that's the case. What the kind of fluctuation there is with some of those larger customer orders? And then what the right run rate is for that business in '24, if you have any color there?

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

We're not ready to guide for '24 at this time, but I think your thesis is right on. We had a little bit of lumpiness in Q3, where we received some customer orders in Q3. And that's what's driving our guidance for Q4 within that particular area.

**Carrie Eglinton Manner OraSure Technologies, Inc. - President, CEO & Director**

And Casey, the only color I would add is I'd say we're less dependent on the few large customers. If there's sort of any -- the silver lining in this is that we're having to add a lot of new customers to fill that softness that we've seen in the few large customers. We continue to do that. We believe in the genomic sequencing end segments. And I think there are so many players, you can look at how that market is recovering. Again, I'd say like microbiome and sequencing services, green shoots there, stronger recovery and not as big a low as microbiome, but I'd just say we are excited about adding new customers to fill what was softness in a number of very large customers.

**Operator**

The next question comes from Brandon Couillard with Jefferies.

**Matthew Jay Stanton Jefferies LLC, Research Division - Equity Associate**

This Matt on for Brandon. On the base business, nice growth here in the quarter. It looks like the midpoint of the guide kind of calls for flattish growth. I appreciate you're not guiding for next year, but do you expect that the core business could grow in '24 and maybe some of the key drivers behind that? And then the 3 new infectious disease tests you talked about launching, I mean, could those be meaningful contributors to the business next year?

**Carrie Eglinton Manner OraSure Technologies, Inc. - President, CEO & Director**

Thanks, Brandon (sic) [Stanton]. The base business, the core revenue this year, when you include our guidance for Q4 is about 2% year-over-year growth. We see 2024 kind of in that low single digits range where we're working to improve on that. And partnerships like the distribution agreements that we've announced where we add more tests into that portfolio near term. While we would say it's sort of a moderate impact, I wouldn't call that a material change for next year. We are working to expand our portfolio in that core and to plug into that core in order to accelerate profitable growth. I'd say this year's 2%. While we aren't providing 2024 guidance yet, it's right to think about that kind of in that low single-digit range but increasing.

**Matthew Jay Stanton Jefferies LLC, Research Division - Equity Associate**

And then Ken, could you provide any color on what the core business has been tracking in terms of the free cash flow either in 3Q or what they'll do this year, kind of year-to-date? Just trying to get some clarity on the bridge is where we think about where we are today for that business and getting to breakeven by the end of 2024. Maybe just talk about some of the progress you made this year on closing the gap between burn and break even by the end of '24.

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

Yes. We're making progress. We're still confident that we will achieve our goal of the core business cash flow from operations being breakeven as we exit 2024. As we mentioned in Q1, we had the target of \$15 million of cost savings. We've exceeded that. And we're continuing -- and the good news is we have a lot more opportunity to drive out and drive cost reductions. So making progress there.

From an overall cash perspective, we did mention that we had -- we finished the quarter at \$225 million. And related to that, we do see a lot of tailwinds in Q4 to drive that higher. We mentioned the \$24 million that we collected already in Q4 for the Department of Defense contract.

In addition, we think we'll generate some positive cash flow this quarter. And then we should have some tailwinds related to our inventory and our accounts receivable balance items in that area as well.

**Operator**

The next question comes from Vijay Kumar with Evercore ISI.

**Unidentified Analyst**

This is [Alexandra] on for Vijay. I just have 2 quick ones. On that new HHS contract, is this going to be at that same \$5 ASP, as we've been seeing this past quarter? And then there's just any more color, Ken, that you could give on the further cost actions and when we can actually expect to see those showing out?

**Carrie Eglinton Manner OraSure Technologies, Inc. - President, CEO & Director**

[Alexandra]. I'll start just on the HHS contract is in the \$3 range. So our last 2 RFPs with the government have been in that range as have -- there were 12 awardees, we were one and the latest -- they're all really in that range. On the cost action...

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

And the math on that, just to build on what Carrie said. So we set out loud that the revenue we expect from that is \$5.7 million. So just do the math there and divide by 3, and that's the unit volume that we're expecting next year.

On cost saving actions, the areas that we're focused on are facility consolidations, so leveraging our Opus Way facility and really driving down the overhead by putting more volume into that facility.

We're also focused on reducing our scrap, which we made a lot of progress in the last 1.5 years or so, as well as automation, where basically, we want to leverage all of the learnings that we had from doing IntelliSwab devices at scale. And one of the learnings was automation and applying that to our other product lines, as well as looking at some other operational efficiency opportunities when it comes to product standardization when it comes to looking at packaging. So those are all the areas that we're driving. That's on the operations side.

On the OpEx side, what we're doing is trying to leverage kind of a process excellence mindset where we look at all of our areas of opportunity and we look at where we can streamline our processes along the way and drive cost savings through that.

**Carrie Eglinton Manner OraSure Technologies, Inc. - President, CEO & Director**

And the only specific I'd add is using Lean Six Sigma methodology, training people and having rigorous key performance indicators for the accountable execution we talk about, both leading and lagging indicators, and we have that by function, by work stream across the organization really to drive that rigor. So that -- those are the types of things that give us confidence on delivering our commitment on breakeven from an operating cash flow on the core by the end of next year.

**Operator**

The next question comes from Andrew Cooper at Raymond James.

**Andrew Harris Cooper Raymond James & Associates, Inc., Research Division - Research Analyst**

Maybe first just kind of a longer-term question. If we look back historically, there's always been a pretty big gap on the gross margin side between the molecular business and the diagnostics business. I guess when we think about bringing everything into -- or a lot more into Opus Way, lower growth in molecular than maybe where it was at peak. All these things sort of coming together post COVID, has that gap changed, I guess, in the near term for the core? And then longer term, how should we think about the different components of this portfolio from a margin perspective?

**Kenneth J. McGrath OraSure Technologies, Inc. - CFO**

Thank you for the question. Well, we're not guiding longer term on margins. For the Q4, what we are looking at is probably kind of a normalizing back down to the mid-40s. But everything you described is the correct thesis. We are trying to leverage our Opus Way facility and drive overall efficiencies. And what we're trying to do is drive and we are driving our diagnostic margins higher.

The particular dynamic that was the biggest mix impact in the last year or so was on IntelliSwab, which started out lower than our average gross margins. And over the last year, has been -- has improved significantly to a point where it's much higher than our overall margins. And that's a dynamic in the mix that we are benefiting from. But when that starts getting into the endemic phase, what we will



really look at doing is driving the overall improvement in our gross margins, again through the efficiency, the cost operational efficiency items I mentioned before, to drive the overall portfolio higher and then take advantage of the facility, take advantage of automation, take advantage of the leveraging of standardization of our products and our processes.

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**Andrew Harris Cooper *Raymond James & Associates, Inc., Research Division - Research Analyst***

Okay. That is helpful. Maybe just one on capital deployment as the cash balance to your credit continues to rise here. Just what you're seeing out there in the environment, how we think about maybe what's coming across the desk and the discipline you've shown. But when you may pull the trigger and maybe if there's any change to what the right assets look like as the environment continues to evolve.

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**Carrie Eglinton Manner *OraSure Technologies, Inc. - President, CEO & Director***

I'll start, and then I'll let Ken address capital deployment more specifically. But in the excitement of innovation and investments, I mean, that's where we think about the long term of this business, first and foremost. We put together a transformation plan that started with strengthening the foundation to give us this opportunity to think about investing for the long term. So that's exactly what -- that's where we start. Internally, we are taking our time. We're being incredibly diligent. And I'd say, based on the market and economic landscape, the strength of our balance sheet is giving us a vantage point to really think about everything externally that's coming across and investing in our organic capabilities and building on the strong portfolios in both diagnostics and molecular sample management solutions.

So fundamentally, what we want to do most is to use this to build long-term value, both for shareholders and for our customer base and having a comprehensive portfolio. And -- but we're being very thoughtful about that because there's a lot coming across based on just the challenges in the market.

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**Kenneth J. McGrath *OraSure Technologies, Inc. - CFO***

Yes. And just to build on what Carrie said. So right now, we have \$225 million of cash. We expect that to increase based on the tailwinds that I mentioned earlier. We probably need, that we want to keep is about \$60 million to \$80 million to cover our annual operating expenses and maybe we're being really conservative there. So you can imagine, that gives us a little bit of powder to work with. And as Carrie has mentioned before and I mentioned in the past, is that what we want to look at is starting with partnerships. And we're trying to be disciplined and diligent in what we look at and making sure that the partnerships that we get have a high opportunity for success to be able to drive future growth and profitable growth. That's our mindset as we look through it.

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**Carrie Eglinton Manner *OraSure Technologies, Inc. - President, CEO & Director***

Where our strengths can really be an accelerator together with that. So there's a lot to look at. But -- and I'd say we're looking at everything but we're just really taking our time to choose what we think will be the right thing.

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**Operator**

The next question comes from Patrick Donnelly of Citi.

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**Unidentified Analyst**

This is [Brendan] on for Patrick. Just one quick one for me. So last earnings call, you guys highlighted infectious disease, respiratory and sexual health are possible areas to extend to. So I was wondering have there been any updates on -- I mean, of those areas or any new areas that are kind of in the pipeline for you guys that may become revenue generating in the next few quarters or years?

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**Carrie Eglinton Manner *OraSure Technologies, Inc. - President, CEO & Director***

Yes. So in terms of the strategy around building on our strong infectious disease and sexual health portfolio, that's exactly what we're plugging into with the first partnership agreement for International segments, which includes Syphilis. I'd say both U.S. and international. And let me be clear, the partnership we've announced is for international distribution. But Syphilis is one of the fastest-growing STIs, plugs in very well with our HIV and HCV portfolio and as well as an international HCV test and hep B test. We -- that's right in this realm of infectious disease and sexual health.

In terms of sort of near quarter impact. I would reiterate that we -- while we are not providing guidance for 2024, I would say any launch

of distribution, you expect to ramp up, and I wouldn't call that in the next few quarters. But rather, we think that it's a really strong example of expanding our comprehensive portfolio, and it's right in line with the strategy we've been talking about for the last year.

So right in the wheelhouse of our existing commercial team, the client relationships we have, our public health and donor interest as well. And part of our excitement to announce these partnerships is it's just that it's right there in the portfolio.

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**Operator**

This concludes the question-and-answer session. I would now like to turn it back over to President and CEO, Carrie Eglinton Manner.

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**Carrie Eglinton Manner *OraSure Technologies, Inc.* - President, CEO & Director**

Thank you so much and thank you to everybody for joining. We appreciate your interest in OTI and look forward to our ongoing conversations. Thank you.

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**Operator**

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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