

December 11, 2024



ProPhase Labs Secures Global Private Equity Backing, Nears Major Lozenge Deal, Adds Seasoned Industry Expert, and Plans Significant Cost-Cutting Measures

The Company will review on Thursday, December 12th, at 12:00 p.m. EST.

GARDEN CITY, NY, Dec. 11, 2024 (GLOBE NEWSWIRE) -- ProPhase Labs, Inc. (NASDAQ: PRPH) ("ProPhase" or the "Company"), a next-generation biotech, genomics, and diagnostics company, today provided updates on several key initiatives.

Securing Low-Interest Rate Financing from a Global Private Equity Fund

ProPhase has secured an agreement with a billion-dollar global private equity fund, providing flexible, low-interest rate debt financing as needed. Based on the current operating plans and financial forecasts, the Company believes that the aforementioned debt financing arrangement will eliminate the necessity for future equity financing in the near term and provides the Company with the strategic freedom to focus on and grow its core businesses until a meaningful liquidity event occurs and/or until the Company achieves profitability. Additionally, ProPhase will explore opportunities with the fund to distribute its ProPhase TK supplements—Legendz XL, Legendz Triple Edge, and the forthcoming Equivir—throughout Asia. Equivir is a clinically tested dietary supplement that serves as an immune booster, both prophylactically and therapeutically.

Pharmaloz Capacity Expansion and Major New Contract

The Company is entering the final phase of contract negotiations with a major lozenge brand. This partnership would fully utilize Pharmaloz's forthcoming high-tech production line #2, set to be one of North America's most advanced lines, offering enhanced automation, efficiency, and energy savings. For Line #1, the Company currently estimates a 12-month forward-looking run rate of \$15+ million in revenues and a projected \$5+ million in net earnings at Pharmaloz. The new contract, if consummated, would add up to \$35 million in additional revenues annually. By late 2025, assuming full utilization of production lines #1 and #2, annualized revenue run-rates may approach \$50 million, with projected net earnings of between \$8 and \$10 million entering 2026.

Strategic Executive Hiring

To support these Pharmaloz growth initiatives, ProPhase has hired Jay Schwartz, a 30-year veteran in the consumer health sector. Mr. Schwartz will play a key role in finalizing the large lozenge contract, overseeing the installation of line #2, and preparing it for full-scale utilization. Furthermore, he will assist the Company as we actively pursue strategic

alternatives including a potential sale of Pharmaloz.

Implementing Significant Cost Reductions

ProPhase is finalizing a comprehensive set of cost-saving measures targeting its non-core operations. These efforts are expected to reduce operating expenses by at least \$6 million per year without impacting core business units. These cost efficiencies will enable the Company to sharpen its focus on its key subsidiaries. Combined with anticipated revenue and earnings growth at Pharmaloz, and the ramp up of DNA Complete, DNA Expand and ProPhase Supplements, the Company is poised for substantial operational improvements in 2025.

Executive Perspective

“The partnership with this global private equity fund should secure, low-interest rate financing at our disposal, with the goal of eliminating discounted equity offerings in the near-term,” said Ted Karkus, CEO of ProPhase Labs. “This capital access provides the foundation we need as we finalize a transformative lozenge contract growing revenues just at Pharmaloz from an estimated \$15+ million run rate for 2025 to potentially \$50 million for 2026. Hiring Jay Schwartz is just the first step in strengthening our management team to handle the increased scale and profitability. Finally, as we implement our significant cost-saving measures in the coming weeks, we are ensuring the Company’s operational alignment for robust performance for not only Pharmaloz but for the entire Company in 2025 and in the years ahead.”

The Company will present in the live Virtual Non-Deal Roadshow Series hosted by Renmark Financial Communications Inc. Ted Karkus, Chairman & Chief Executive Officer, will present on Thursday, December 12th, at 12:00 p.m. EST.

REGISTER HERE:

<https://www.renmarkfinancial.com/events/renmark-virtual-non-deal-roadshow-nasdaq-prph-q78s0Dbkp8>

- **To ensure smooth connectivity, please access the link above using the latest version of Google Chrome.**

About ProPhase Labs

ProPhase Labs Inc. (Nasdaq: PRPH) (“ProPhase”) is a next-generation biotech, genomics and diagnostics company. Our goal is to create a healthier world with bold action and the power of insight. We’re revolutionizing healthcare with industry-leading Whole Genome Sequencing solutions, while developing potential game changer diagnostics and therapeutics in the fight against cancer. This includes a potentially life-saving cancer test focused on early detection of esophageal cancer and potential breakthrough cancer therapeutics with novel mechanisms of action. Our world-class CLIA labs and cutting-edge diagnostic technology provide wellness solutions for healthcare providers and consumers. We develop, manufacture, and commercialize health and wellness solutions to enable people to live their best lives. We are committed to executional excellence, smart diversification, and a synergistic, omni-channel approach. ProPhase Labs’ valuable

subsidiaries, their synergies, and significant highlight our potential for long-term value.

Forward Looking Statements

Except for the historical information contained herein, this document contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our strategy, plans, objectives and initiatives, including our expectation to enter into new agreements for Pharmaloz, our expectations regarding the future revenue growth potential of each of our subsidiaries, our expectations regarding future liquidity events and potential reduction in operating expenses from cost-saving measures targeting our non-core operations, , the anticipated timing for the installation of an additional lozenge line and its ability to increase capacity and revenue, our anticipated expenses, our ability to obtain funding for our operations and the sufficiency of our cash resources. Management believes that these forward-looking statements are reasonable as and when made. However, such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include but are not limited to our ability to obtain and maintain necessary regulatory approvals, general economic conditions, consumer demand for our products and services, challenges relating to entering into and growing new business lines, the competitive environment, and the risk factors listed from time to time in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and any other SEC filings. The Company undertakes no obligation to update forward-looking statements except as required by applicable securities laws. Readers are cautioned that forward-looking statements are not guarantees of future performance and are cautioned not to place undue reliance on any forward-looking statements.

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