

October 17, 2024



ProPhase Labs Announces Positive Updates on Strategic Initiatives Company Anticipates Multiple Liquidity Events in H1 2025

Projections for Pharmaloz Manufacturing: Approximately \$16-17 Million in Revenue, \$6-7 Million in Pre-Tax Earnings for 2025

Strategic Partnership Discussions Begin for BE-Smart Esophageal Cancer Test

GARDEN CITY, NY, Oct. 17, 2024 (GLOBE NEWSWIRE) -- ProPhase Labs, Inc. (NASDAQ: PRPH) (the "Company" or "ProPhase"), a next generation biotech, genomics, and diagnostics company, today announced significant progress across several key projects.

Pharmaloz Manufacturing Inc. (PMI):

- In Q3, the Company engaged ThinkEquity as an advisor to pursue strategic alternatives for PMI. ThinkEquity has now identified more than 70 potential acquirers for PMI, with a goal of negotiating and finalizing terms and closing in Q1 2025.
- PMI production is fully booked through Q1 2025, with expected 2025 revenue of approximately \$16-17 million and pre-tax earnings of approximately \$6-7 million.
- PMI begins production for a new non-seasonal client in January 2025, securing year-round business.
- PMI is in final stages of discussion with a global lozenge brand on a multi-year contract, which if consummated would include a substantial upfront payment to secure new production capacity and further strengthen PMI's valuation in any potential sale.

BE-Smart Esophageal Cancer Test:

- Strategic discussions initiated with multi-billion dollar cancer diagnostic companies in coordination with Forward Healthcare Consultants ("FHC"). FHC previously served as leaders for companies such as Eurofins, Guardant Health, Inivata, and Natera. The advisors at FHC have helped their former companies gain market access to achieve market capitalization in the billions of dollars.
- A multi-phase commercialization plan has been completed, with a comprehensive report ready for potential partners.

Liquidity Events and Financial Outlook:

- The sale of PMI is targeted for early 2025 with a projected value exceeding \$40 million.
- A partnership for our BE-Smart Esophageal Cancer Test could yield a potential upfront

payment to us of \$30-50 million, with additional milestones and long-term royalty payments upon approval and commercialization.

- Receivables collection efforts are anticipated to generate \$20-25 million over the next six months.

Updates on the DNA Complete and Equivir product launches will be shared in a forthcoming press release.

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 growth underscore our multi-billion-dollar potential.

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 expectations regarding finding a suitable acquirer for PMI, the success of a sale of PMI, the projected value of a sale of PMI; our expectations relating to PMI’s existing and new contracts, production, revenue, and earnings; our expectations regarding outcomes of strategic discussions with healthcare consultants, advisors, and partners for BE-Smart; the success of the commercialization plan for BE-Smart; our expectations of revenue and earnings from a partnership for BE-Smart; the success of our efforts to collect accounts receivable and anticipated timeline for any payments relating thereto. 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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