



NASDAQ: PRPH
Investor Presentation
FEBRUARY 2021

Forward Looking Statements



This presentation contains forward-looking statements relating to our strategy and business objectives. All statements other than statements of historical facts included in this presentation may be deemed to be forward-looking statements. You can identify forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or the negative of those terms, and similar expressions that convey uncertainty or future events or outcomes. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. Additional risks and uncertainties relating to our business can be found under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and our subsequent Quarterly Reports on Form 10-Q, as well as our other filings with the Securities and Exchange Commission. These forward-looking statements are based on current expectations, estimates, forecasts and projections and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors. The forward-looking statements contained in this presentation are made as of the date hereof, and we do not assume any obligation to update any forward-looking statements except as required by applicable law.

Corporate Overview

ProPhase Labs (NASDAQ: PRPH) is a diversified medical science and technology company with deep experience with OTC consumer healthcare products and dietary supplements. Its dietary supplement line of products, TK Supplements, has extensive distribution in major FDM (Food, Drug and Mass) retailers including Walmart, Walgreens, CVS and RITE-AID. The Company's wholly owned subsidiary, ProPhase Diagnostics, Inc., is a rapidly growing CLIA laboratory business that offers COVID-19 and other Respiratory Pathogen Panel (RPP) testing services. ProPhase Labs is dedicated to creating sustainable value for shareholders over the long-term through growth of its existing businesses. It is also continuing to explore strategic investments and additional acquisition opportunities.

- **Robust Acquisition Pipeline:** ProPhase Diagnostics, Inc., ProPhase Labs' wholly owned subsidiary, acquired a Clinical Laboratory Improvement Amendments (CLIA) accredited laboratory in Old Bridge, NJ, followed by the leasing and build out of a second CLIA accredited laboratory in Garden City, NY.
- **ProPhase Labs** provides a wide range of testing for diagnosis, screening and evaluation of diseases, including COVID-19 and Respiratory Pathogen Panel (RPP) Molecular tests with a current capacity to process 60,000 tests per day, resulting in significant revenue growth potential with robust margins.
- **Successful In-House TK Supplements® Brand:** Created dietary supplements product line, sold at CVS, Walgreens, Walmart & more.
- **One of the Leading Lozenge Contract Manufacturers in the U.S.:** State-of-the-art lozenge manufacturer.
- **Strong Revenue Growth:** Restructured manufacturing operations. Reported revenues grew 40% year over year for first 9 months of 2020 vs 2019. Gross margin improved from 24.8% in 2019 to 31.1% in 2020.
- **Improved Cash Position:** Raised \$10 million through the issuance of Promissory Notes in September 2020 and maintain \$15.8 million in working capital as of September 30, 2020. Subsequently, corporate office building sold for \$2.2 million and closed in December 2020. Raised an additional \$43 million in equity in January 2021.
- **Successful Track Record:** Divested Cold-EEZE® brand to Mylan for \$50 million in 2017.

ProPhase Labs NASDAQ: PRPH

Share Price ¹	\$10.41
Market Cap ¹	\$120.8M
TTM Revenue ²	\$12.5M
TTM Gross Profit ²	\$3.7M
Cash, Cash Equivalents & Marketable Securities ²	\$12.3M
Working Capital ²	\$15.8M
Shares Outstanding ²	11.6M
Float ²	8.8M
Insider Holdings ²	23.1%

1. As of February 11, 2021
2. As of September 30, 2020

CLIA Accredited Labs

- Acquired full service Clinical Laboratory Improvement Amendments (CLIA) accredited laboratory in New Jersey in October 2020. Built current capacity to process 10,000 tests per day.
- Subsequently built a second CLIA lab in Garden City, NY. 25,000 square feet. Current capacity to process 50,000 tests per day.
- Approved for a wide range of important diagnosis, screening and evaluation of diseases, including:
 - COVID-19 viral and antibody tests
 - Respiratory Pathogen Panel (RPP) Molecular tests
 - Influenza
 - Respiratory viruses
 - Pneumonia-causing bacteria
 - Other infectious diseases
- 24-hour reporting and local same-day molecular lab testing
- Highly competitive pricing and margins with goal to meet or exceed industry norms
- Both CLIA labs equipped with the latest state-of-the-art ThermoFisher Multiplex platforms to test for COVID-19 and its mutations.



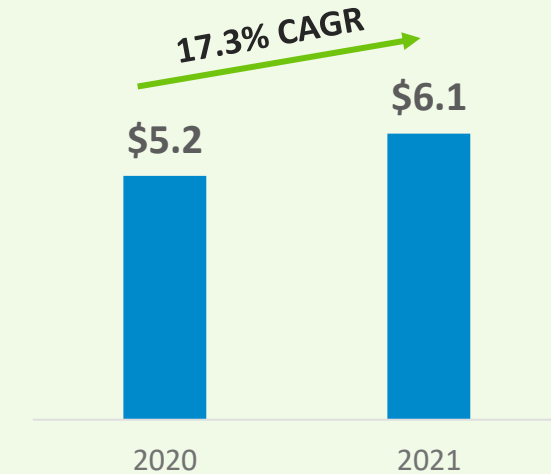
Medical Testing Growth & Opportunity



ProPhase Labs CLIA Accredited Labs

	December 31 2020 Goal* Achieved	January 31, 2021 Run Rate
Capacity Per Day	10,000	60,000
COVID-19 Tests* processed per day	1,500	2,500+
Net Margin* per test	\$30+	\$30+
Net Operating Income* per day	\$45,000+	\$75,000+
Annualized Run Rate of pre- tax Operating Income*	\$15 Million+	\$20 Million+ (Based on five days per week)

Global COVID-19 Detection Kits & Consumables Market (\$ in Billions)



Source: The Business Research Company

Additional Growth Drivers

- Spectrum Solutions to refer customers using their saliva collection COVID-19 test kit
- Increasing utilization to process a variety of additional medical tests

*Estimated amounts are dependent on the Company meeting average industry margins, attracting sufficient customers who will choose to use the Company's lab to process their test kits, and the Company's ability to operate this new business line. Net Operating Income and Annualized pre-tax Operating Income are estimated run rates for the corresponding number of COVID-19 Tests processed per day.

Growth Drivers



COVID Testing & Lab Processing

- Purchase and build out additional CLIA certified labs for processing. Existing labs are exhibiting explosive growth.
- Longer term vision to leverage COVID testing customer base with additional types of laboratory testing.
- After six months of extensive due diligence, management has uncovered several exciting and timely opportunities in the industry



Manufacturing (CMO)

- Explore different opportunities to expand our current internal and other contract manufacturing capabilities
- This will include different dosage forms (oral, sterile, topical, etc.) for both OTC and Rx market



TK Supplements Business

- Legendz XL distribution is growing with Triple Edge XL now beginning to gain acceptance
- New and innovative products already under development and on the horizon

Financials



- Restructured manufacturing operations to lower costs, contributing to an increase in gross margins for the nine months ending September 30, 2020 compared to the same period a year ago.
- Strong customer demand drove sales growth compared to the three- and nine-month periods a year ago.

\$ in millions	3 Months Ending September 30		9 Months Ending September 30	
	2020	2019	2020	2019
Total Revenue	\$ 3.8	\$ 2.8	\$ 9.4	\$ 6.7
Gross Profit	\$ 1.0	\$ 0.8	\$ 2.7	\$ 1.6
Gross Margin (%)	27.1%	30.2%	31.1%	24.8%
Net Income	\$ (0.4)	\$ (0.4)	\$ (1.1)	\$ (2.7)

Key Takeaways

- ProPhase Labs successfully executed on the transition into the CLIA laboratory processing of COVID tests. Current growth is explosive and future potential is significant.
- **Successful In-House TK Supplements® Brand:** Created dietary supplements product line, sold at CVS, Walgreens, Walmart & more.
- **One of the Leading Lozenge Contract Manufacturers in the U.S.:** State-of-the-art lozenge manufacturer.
- **Strong Revenue Growth:** Restructured manufacturing operations. Reported revenues grew 40% year over year for first 9 months of 2020 vs 2019. Gross margin improved from 24.8% in 2019 to 31.1% in 2020.
- **Improved Cash Position:** Raised \$10 million through the issuance of Promissory Notes in September 2020 and maintain ~\$15 million in working capital as of September 30, 2020. Subsequently, corporate office building sold for \$2.2 million and closed in December 2020. Raised an additional \$43 million in equity in January 2021.
- **Successful Track Record:** Divested Cold-EEZE® brand to Mylan for \$50 million in 2017.
- **Acquisition Pipeline:** After six months of extensive due diligence, management has uncovered several exciting and timely opportunities in the upper respiratory & COVID-19 testing laboratory industry. Has also uncovered exciting synergistic opportunities.



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