

April 15, 2026



# **ProPhase Labs Reports Year-End 2025 Results, Highlights Accelerating Settlement Activity and Investment-Ready Crown Medical Collections Platform**

**\$201.2 Million in Gross Claims with Expanding Settlement Activity Across Multiple Insurance Carriers**

**Active Negotiations Support Estimated \$50–\$60 Million Net Recovery and Near-Term Cash Flow Potential**

UNIONDALE, NY, April 15, 2026 (GLOBE NEWSWIRE) -- ProPhase Labs, Inc. (OTC: PRPH) ("ProPhase" or the "Company"), a next-generation biotech, genomics and consumer products company, today reported its financial results for the year ended December 31, 2025 and provided a business update highlighting continued advancement and expansion of its Crown Medical Collections initiative.

"We are very encouraged by the scale and progression of activity across our receivables platform," said Ted Karkus, Chief Executive Officer of ProPhase Labs. "The level of engagement, the volume of claims in active negotiation, and the early settlement activity we are seeing reinforce our belief that this represents a highly valuable asset. Over the past several weeks, we have seen increasing engagement from insurance companies, and we expect both the pace of negotiations and the conversion of those discussions into agreed settlements to accelerate in the near term. Importantly, these early indications are generally consistent with the assumptions underlying our broader recovery estimates.

Based on current activity and Crown Medical's analysis, we believe this platform has the potential to generate meaningful cash flow beginning in Q3, which could significantly enhance our liquidity position. In addition, we believe the continued advancement of settlement activity is making the receivables platform increasingly financeable, which could enable us to access capital in advance of collections and enhance liquidity in the near term, including prior to the commencement of expected cash flow in Q3."

The Company reported that its Crown Medical Collections effort has continued to expand and advance, with the portfolio now consisting of approximately \$201.2 million in gross claims across 649,205 individual claims and 194 open matters. Crown Medical has dedicated a team of approximately 10 attorneys to the ProPhase initiative, with ongoing engagement and negotiations occurring on a daily basis with multiple payors.

Of these claims, approximately \$79.9 million are currently in active settlement negotiations with multiple national and regional insurance carriers, while an additional \$121.3 million are in open demand status with formal correspondence issued to payers.

Based on Crown Medical Collections' current analysis and the progression of discussions, the Company estimates potential net recoveries to the estate of approximately \$50 million to \$60 million after deducting Crown Medical's court-approved contingency fee.

The Company believes the breadth of engagement and advancement of negotiations reflect increasing traction across the portfolio and are consistent with previously communicated recovery expectations.

In parallel, the Company continues to engage with institutional capital providers regarding potential financing alternatives, including structures expected to be secured by the Company's receivables platform. These discussions follow extensive third-party diligence conducted on the underlying claims and recovery processes. As settlement activity continues to progress, including advancement of negotiations across multiple payors, the Company believes the receivables are increasingly demonstrable and financeable, which has meaningfully increased engagement and inbound interest from potential capital providers. While there can be no assurance that any financing will be completed, the Company believes the level of diligence and engagement reflects growing external validation of the asset.

The Company also highlighted continued progress at Nebula Genomics and its DNA Complete direct-to-consumer platform, which is now operating profitably on a standalone basis following recent cost optimization initiatives and restructuring efforts. Nebula leverages a large and diverse genomic dataset and a proprietary bioinformatics platform to deliver comprehensive whole genome sequencing and personalized health insights to consumers globally. With a streamlined cost structure and existing infrastructure in place, the Company believes that relatively modest incremental working capital could support meaningful scaling of the business, positioning Nebula as a potentially significant contributor to future growth and value creation.

The Company also provided an update on its BE-Smart™ esophageal cancer diagnostic, which it believes is nearing readiness for commercialization as a Laboratory Developed Test (LDT), subject to securing appropriate working capital. BE-Smart is designed to enable early detection and risk stratification of esophageal disease using established biopsy samples. In parallel, the Company is actively exploring strategic partnership opportunities with organizations that have established distribution and commercialization infrastructure, with the goal of accelerating market adoption while optimizing capital efficiency.

Management continues to focus on stabilizing near-term liquidity, managing liabilities and vendor relationships, and advancing key assets, including Nebula Genomics/DNA Complete and the BE-Smart™ esophageal cancer diagnostic. ProPhase Labs believes it is beginning to see tangible indicators of progress driven by accelerating settlement activity and continued strategic engagement and expects to provide additional updates as developments occur.

A summary of financial results is included in the Company's Annual Report on Form 10-K, which the Company intends to file with the SEC later today.

## **Financial Results**

***December 31, 2025 compared with December 31, 2024***

Net revenue for the year ended December 31, 2025, decreased \$1.9 million, or 27.6%, to \$4.9 million compared to \$6.8 million for the year ended December 31, 2024. The decrease in net revenue was the result of a \$1.9 million decrease in consumer products as the Company refines its focus with its genomics products and has reduced sales of its TK Supplements products. We did not generate any revenues from diagnostic services for the year ended December 31, 2025 and 2024.

Cost of revenues for the year ended December 31, 2025 was \$3.0 million, comprised of \$0.3 million for diagnostic services and \$2.6 million for consumer products. Cost of revenues for the year ended December 31, 2024 were \$6.9 million comprised of \$2.3 million for diagnostic services and \$4.6 million for consumer products.

We reported a gross profit of \$1.9 million for the year ended December 31, 2025, as compared to a gross margin loss of \$0.2 million for the year ended December 31, 2024. The increase of \$2.1 million was comprised of a decrease of \$2.0 million in diagnostic services, partially offset by an increase of \$0.1 million in consumer products. For the years ended December 31, 2025 and 2024, we realized an overall gross margin profit of 39.6% and gross margin loss of 2.2%, respectively. Gross margin for diagnostic services was zero or not applicable due to no revenue in the 2025 and 2024 comparable periods, respectively. Gross margin for consumer products was 46.7% and 32.2% for the year ended December 31, 2025 and 2024, respectively. The Company has continued to refine its product mix and related costs, including with the closure of its labs, resulting in improved gross margin results. Gross margin for consumer products have historically been influenced by fluctuations in quarter-to-quarter production volume, fixed production costs and related overhead absorption, raw ingredient costs, inventory mark to market write-downs and timing of shipments to customers.

General and administration expenses decreased \$19.3 million for the year ended December 31, 2025 to \$18.6 million, as compared to \$37.9 million for the year ended December 31, 2024. The decrease in general and administration expenses for the year ended December 31, 2025 as compared to the year ended December 31, 2024 was principally related to a decrease in personnel expenses, overhead costs and professional fees, including costs related to its divested assets and closure of labs.

Research and development costs for the year ended December 31, 2025 and 2024 were \$107,000 and \$594,000, respectively. The decrease in research and development costs for the year ended December 31, 2025 as compared to the year ended December 31, 2024 was principally due to decreased activities related to product research and field testing as a result of refined focus and efforts.

Interest expense for the years ended December 31, 2025 and 2024 was \$6.3 million and \$3.4 million, respectively. The increase in interest expense for the year ended December 31, 2025 as compared to the year ended December 31, 2024 was principally due to higher balance of our outstanding debt that bears interest and leased manufacturing equipment.

As a result of the effects described above, net loss for the year ended December 31, 2025 was \$13.4 million, or \$(1.57) per share, as compared to a net loss of \$53.4 million, or \$(26.68) per share, for the year ended December 31, 2024. Diluted net loss per share for the years ended December 31, 2025 and 2024 were \$(1.57) and \$(26.68), respectively.

## **About ProPhase Labs Inc.**

ProPhase Labs Inc. (**OTC: PRPH**) ("ProPhase") is a next-generation biotech, genomics and consumer products company. Our mission is to build a healthier world through bold innovation and actionable insight. We're revolutionizing healthcare with industry-leading Whole Genome Sequencing solutions, groundbreaking diagnostic development, such as our potentially life-saving test for the early detection of esophageal cancer, and a world-class direct-to-consumer marketing platform for cutting-edge OTC dietary supplements. 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 potential for long-term value.

[www.ProPhaseLabs.com](http://www.ProPhaseLabs.com)

## **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 the future revenue growth potential of each of our subsidiaries, our expected timeline for commercializing our BE-Smart Esophageal Cancer Test, our expectations regarding future liquidity events, the success of our efforts to collect accounts receivable and anticipated timeline for any payments relating thereto, and our ability to successfully transition into a consumer products company. 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. These forward-looking statements are subject to risks and uncertainties and actual results may differ materially. Details about these risks and uncertainties can be found in our filings with the SEC. 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.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

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**PROPHASE LABS, INC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)

|                                                                    | <b>December<br/>31, 2025</b> | <b>December<br/>31, 2024</b> |
|--------------------------------------------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                                      |                              |                              |
| Current assets                                                     |                              |                              |
| Cash and cash equivalents                                          | \$ 90                        | \$ 678                       |
| Accounts receivable, net                                           | 1,933                        | 20,058                       |
| Inventory, net                                                     | 70                           | 1,143                        |
| Prepaid expenses and other current assets                          | 3,745                        | 2,615                        |
| Current assets in discontinued operations                          | —                            | 6,143                        |
| Total current assets                                               | <u>5,838</u>                 | <u>30,637</u>                |
| Property, plant and equipment, net                                 | 2,032                        | 7,501                        |
| Investment in unconsolidated affiliates                            | 43,491                       | —                            |
| Prepaid expenses, net of current portion                           | 61                           | 217                          |
| Operating lease right-of-use asset, net                            | —                            | 4,115                        |
| Intangible assets, net                                             | 7,167                        | 9,750                        |
| Goodwill                                                           | 3,968                        | 5,231                        |
| Other assets                                                       | 2                            | 310                          |
| Non-current assets in discontinued operations                      | —                            | 5,439                        |
| <b>TOTAL ASSETS</b>                                                | <b><u>\$ 62,559</u></b>      | <b><u>\$ 63,200</u></b>      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                        |                              |                              |
| Current liabilities                                                |                              |                              |
| Accounts payable                                                   | 14,465                       | 13,717                       |
| Accounts payable to unconsolidated affiliates                      | 27,600                       | —                            |
| Accrued diagnostic services                                        | —                            | 31                           |
| Accrued advertising and other allowances                           | 50                           | 151                          |
| Finance lease liabilities                                          | 2,824                        | 2,147                        |
| Operating lease liabilities                                        | —                            | 1,214                        |
| Short-term loan payable, net of discount of \$451 and \$237        | 4,418                        | 3,207                        |
| Short-term loan payable to related party, net of discount of \$132 | 493                          | —                            |
| Short-term convertible notes payable, net of discount of \$157     | 244                          | —                            |
| Derivative liability                                               | 50                           | —                            |
| Deferred revenue                                                   | 1,431                        | 1,698                        |
| Income tax payable                                                 | 281                          | 1,987                        |
| Other current liabilities                                          | 2,659                        | 2,115                        |
| Current liabilities in discontinued operations                     | —                            | 5,867                        |
| Total current liabilities                                          | <u>54,515</u>                | <u>32,134</u>                |

Non-current liabilities:

|                                                              |               |               |
|--------------------------------------------------------------|---------------|---------------|
| Unsecured promissory notes, net of discount of \$0 and \$127 | —             | 9,873         |
| Unsecured long-term debt, net of discount of \$0 and \$423   | —             | 1,779         |
| Due to sellers (see Note 3)                                  | 2,000         | 2,000         |
| Deferred revenue, net of current portion                     | 506           | 784           |
| Operating lease liabilities, net of current portion          | —             | 3,762         |
| Finance lease liabilities, net of current portion            | 639           | 2,591         |
| Non-current liabilities in discontinued operations           | —             | 2,924         |
| Total non-current liabilities                                | <u>3,145</u>  | <u>23,713</u> |
| Total liabilities                                            | <u>57,660</u> | <u>55,847</u> |

## COMMITMENTS AND CONTINGENCIES

|                                                                                                                     |                         |                         |
|---------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Preferred stock authorized 1,000,000, \$0.0005 par value, 0 shares issued and outstanding                           | —                       | —                       |
| Common stock authorized 1,000,000,000, \$0.0005 par value, 8,966,406 and 2,987,402 shares outstanding, respectively | 4                       | 1                       |
| Additional paid-in capital                                                                                          | 126,234                 | 129,943                 |
| Treasury stock, at cost, 869,208 <sup>(1)</sup> and 1,294,105 shares, respectively                                  | (49,643)                | (64,000)                |
| Accumulated deficit                                                                                                 | (71,745)                | (58,393)                |
| Accumulated other comprehensive loss                                                                                | (198)                   | (198)                   |
| Total stockholders' equity                                                                                          | <u>4,899</u>            | <u>7,353</u>            |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                   | <b><u>\$ 62,559</u></b> | <b><u>\$ 63,200</u></b> |

(1) This is net of 600,000 collateral shares.

## PROPHASE LABS, INC AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share amounts) Continued

|                            | For the years ended  |                      |
|----------------------------|----------------------|----------------------|
|                            | December 31,<br>2025 | December 31,<br>2024 |
| Revenues, net              | \$ 4,900             | \$ 6,770             |
| Cost of revenues           | 2,961                | 6,920                |
| Gross profit (loss)        | <u>1,939</u>         | <u>(150)</u>         |
| Operating expenses:        |                      |                      |
| General and administration | 18,575               | 37,885               |
| Research and development   | 107                  | 594                  |
| Total operating expenses   | <u>18,682</u>        | <u>38,479</u>        |

|                                                             |                    |                    |
|-------------------------------------------------------------|--------------------|--------------------|
| Loss from operations                                        | (16,743)           | (38,629)           |
| Change in fair value of warrant liability                   | (225)              | —                  |
| Change in fair value of derivative liability                | 437                | —                  |
| Interest expense                                            | (6,310)            | (3,350)            |
| Debt extinguishment gain (loss)                             | 838                | (333)              |
| Loss on issuance of debt                                    | (480)              | —                  |
| Loss from disposal of fixed assets                          | (868)              | —                  |
| Employee retention tax credit income                        | 2,318              | —                  |
| Other expense                                               | (173)              | (18)               |
| Loss from operations before income taxes                    | (21,372)           | (42,330)           |
| Income tax expense                                          | (624)              | (7,195)            |
| Loss from continuing operations after income taxes          | (21,996)           | (49,525)           |
| <b>Discontinued operations:</b>                             |                    |                    |
| Loss from discontinued operations, net of tax               | (102)              | (3,839)            |
| Gain from disposal of discontinued operations               | 8,746              | —                  |
| Income (loss) from discontinued operations                  | 8,644              | (3,839)            |
| <b>Net loss</b>                                             | <b>\$ (13,352)</b> | <b>\$ (53,364)</b> |
| Other comprehensive (loss) income:                          |                    |                    |
| Unrealized income (loss) on marketable securities           | —                  | 102                |
| Total comprehensive loss                                    | \$ (13,352)        | \$ (53,262)        |
| Net loss per share:                                         |                    |                    |
| Loss from continuing operations, basic and diluted          | \$ (2.59)          | \$ (24.76)         |
| Gain/(Loss) from discontinued operations, basic and diluted | \$ 1.02            | \$ (1.92)          |
| Net loss per share, basic and diluted                       | \$ (1.57)          | \$ (26.68)         |
| Weighted average common shares outstanding:                 |                    |                    |
| Basic                                                       | 8,489              | 2,000              |
| Diluted                                                     | 8,489              | 2,000              |

**PROPHASE LABS, INC & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

|                                             | <b>For the years ended</b>   |                              |
|---------------------------------------------|------------------------------|------------------------------|
|                                             | <b>December<br/>31, 2025</b> | <b>December<br/>31, 2024</b> |
| <b>Cash flows from operating activities</b> |                              |                              |
| Net loss                                    | \$ (13,352)                  | \$ (53,364)                  |

|                                                                                              |          |          |
|----------------------------------------------------------------------------------------------|----------|----------|
| Less: income (loss) from discontinued operations, net of tax                                 | 8,644    | (3,839)  |
| Net loss from continuing operations                                                          | (21,996) | (49,525) |
| Adjustments to reconcile net loss to net cash provided by<br>(used in) operating activities: |          |          |
| Realized loss on marketable debt securities                                                  | —        | 18       |
| Depreciation and amortization                                                                | 4,832    | 6,187    |
| Amortization of debt discount                                                                | 5,236    | 1,485    |
| Impairment loss                                                                              | 1,263    | —        |
| Amortization on right-of-use assets                                                          | 227      | 457      |
| Loss on issuance of debt                                                                     | 480      | —        |
| Loss from lease termination                                                                  | 1,357    | —        |
| Loss (gain) from disposal of fixed assets                                                    | 868      | (91)     |
| Employee retention tax credit income                                                         | (1,929)  | —        |
| Stock-based compensation expense                                                             | 1,893    | 3,638    |
| Accounts receivable allowances                                                               | (17)     | 11,018   |
| Inventory valuation reserve                                                                  | —        | (212)    |
| Inventory write-offs                                                                         | 196      | —        |
| Change in fair value of warrant liability                                                    | 225      | —        |
| Change in fair value of derivative liability                                                 | (437)    | —        |
| Debt extinguishment (gain) loss                                                              | (838)    | 333      |
| Changes in operating assets and liabilities:                                                 |          |          |
| Accounts receivable                                                                          | 1,361    | 4,738    |
| Inventory                                                                                    | 313      | 1,360    |
| Prepaid expenses and other current assets                                                    | (1,057)  | (45)     |
| Deferred tax asset                                                                           | —        | 7,150    |
| Other assets                                                                                 | —        | 853      |
| Accounts payable and accrued expenses                                                        | 782      | 5,066    |
| Accrued diagnostic services                                                                  | (5)      | (283)    |
| Accrued advertising and other allowances                                                     | (101)    | 127      |
| Deferred revenue                                                                             | (545)    | (1,000)  |
| Deferred tax liability                                                                       | —        | —        |
| Lease liabilities                                                                            | (233)    | (1,408)  |
| Income taxes payable                                                                         | (1,706)  | (1,292)  |
| Other liabilities                                                                            | 724      | (377)    |
| Net cash used in operating activities - continuing operations                                | (8,941)  | (11,803) |
| Net cash provided by (used in) operating activities -<br>discontinued operations             | 597      | (5,735)  |
| Net cash used in operating activities                                                        | (8,344)  | (17,538) |

### **Cash flows from investing activities**

|                                                                 |     |       |
|-----------------------------------------------------------------|-----|-------|
| Proceeds from maturities of marketable securities               | —   | 3,374 |
| Proceeds from dispositions of property and other assets,<br>net | 120 | 229   |

|                                                                               |     |       |
|-------------------------------------------------------------------------------|-----|-------|
| Capital expenditures                                                          | —   | (906) |
| Net cash provided by investing activities - continuing operations             | 120 | 2,697 |
| Net cash provided by (used in) investing activities - discontinued operations | 800 | (275) |
| Net cash provided by investing activities                                     | 920 | 2,422 |

### **Cash flows from financing activities**

|                                                                               |         |         |
|-------------------------------------------------------------------------------|---------|---------|
| Proceeds from issuance of common stock from public offering, net              | —       | 7,594   |
| Proceeds from issuance of note payable                                        | 4,074   | 9,862   |
| Proceeds from issuance of note payable to related party                       | 500     | —       |
| Proceeds from issuance of convertible notes payable                           | 3,000   | —       |
| Proceeds from issuance of common shares, net                                  | 3,558   | —       |
| Repayment of note payable                                                     | (4,234) | (4,249) |
| Repayment of convertible notes payable                                        | (27)    | —       |
| Net cash provided by financing activities - continuing operations             | 6,871   | 13,207  |
| Net cash (used in) provided by financing activities - discontinued operations | (35)    | 978     |
| Net cash provided by financing activities                                     | 6,836   | 14,185  |

|                                                         |              |               |
|---------------------------------------------------------|--------------|---------------|
| Decrease in cash, cash equivalents and restricted cash  | (588)        | (931)         |
| Cash and cash equivalents at the beginning of the year  | 678          | 1,609         |
| <b>Cash and cash equivalents at the end of the year</b> | <b>\$ 90</b> | <b>\$ 678</b> |

### **Supplemental disclosures:**

|                                          |          |          |
|------------------------------------------|----------|----------|
| Cash paid for income taxes               | \$ 1,242 | \$ 1,126 |
| Interest payment on the promissory notes | \$ 1,161 | \$ 3,105 |

### **Supplemental disclosure of non-cash investing and financing activities:**

|                                                                                |          |          |
|--------------------------------------------------------------------------------|----------|----------|
| Assets obtained in exchange for new finance lease obligations                  | \$ —     | \$ 3,783 |
| Issuance of treasury shares as collateral for a loan                           | \$ —     | \$ 3     |
| Issuance of common shares as collateral for a loan                             | \$ 1     | \$ —     |
| Issuance of common stock as commitment fee for future financing                | \$ 158   | \$ —     |
| Issuance of common stock to convert outstanding convertible notes and interest | \$ 3,612 | \$ —     |
| Issuance of liability classified warrants associated with notes payable        | \$ 230   | \$ —     |
| Net unrealized loss, investments in marketable securities                      | \$ —     | \$ 265   |

|                                                        |             |      |
|--------------------------------------------------------|-------------|------|
| Deconsolidation of subsidiaries assets and liabilities | \$ (16,003) | \$ — |
| Recognition investment in nonconsolidated subsidiaries | \$ 43,657   | \$ — |

### Non-GAAP Financial Measure and Reconciliation

In an effort to provide investors with additional information regarding our results of operations as determined by accounting principles generally accepted in the United States of America ("GAAP"), we disclose certain non-GAAP financial measures. The primary non-GAAP financial measures we disclose are EBITDA and Adjusted EBITDA.

We define EBITDA as net income (loss) before net interest expense, income taxes, depreciation and amortization from continuing operations. Adjusted EBITDA further adjusts EBITDA by excluding acquisition costs, other non-cash items, and other unusual or non-recurring charges (as described in the table below).

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies. We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year. We may consider whether other significant items that arise in the future should be excluded from the non-GAAP financial measures.

We use EBITDA and Adjusted EBITDA internally to evaluate and manage the Company's operations because we believe they provide useful supplemental information regarding the Company's ongoing economic performance. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our operating results primarily because they exclude amounts that are not considered part of ongoing operating results when planning and forecasting and when assessing the performance of the organization. In addition, we believe that non-GAAP financial information is used by analysts and others in the investment community to analyze our historical results and in providing estimates of future performance and that failure to report these non-GAAP measures could result in confusion among analysts and others and create a misplaced perception that our results have underperformed or exceeded expectations.

The following table sets forth the reconciliations of EBITDA and Adjusted EBITDA from continuing operations excluding other costs to the most comparable GAAP financial measures (in thousands):

|                                                     | For the years ended |                   |
|-----------------------------------------------------|---------------------|-------------------|
|                                                     | December 31, 2025   | December 31, 2024 |
| GAAP loss from continuing operations <sup>(1)</sup> | \$ (21,996)         | \$ (49,525)       |
| Interest, net                                       | 6,310               | 3,350             |
| Income tax expense                                  | 624                 | 7,195             |
| Depreciation and amortization                       | 4,832               | 6,187             |
| EBITDA                                              | (10,230)            | (32,793)          |

|                                            |                   |                    |
|--------------------------------------------|-------------------|--------------------|
| Share-based compensation expense           | 1,893             | 3,638              |
| Non-cash rent expense <sup>(2)</sup>       | 1,810             | 240                |
| Credit loss expense                        | —                 | 11,018             |
| Adjusted EBITDA from continuing operations | <u>\$ (6,527)</u> | <u>\$ (17,897)</u> |

(1) We believe that net loss from continuing operations is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA measure the Company's operating performance without regard to certain expenses. EBITDA and Adjusted EBITDA are not presentations made in accordance with GAAP and the Company's computation of EBITDA and Adjusted EBITDA may vary from others in the industry. EBITDA and Adjusted EBITDA have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company's results as reported under GAAP.

(2) The non-cash portion of rent, which reflects the extent to which our GAAP rent expense recognized exceeds (or is less than) our cash rent payments. For newer leases, our rent expense recognized typically exceeds our cash rent payments, while for more mature leases, rent expense recognized is typically less than our cash rent payments.



Source: ProPhase Labs, Inc.