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# ProPhase Labs Announces Update on Pharmaloz Manufacturing, Inc. Progress

**PMI Revenues and Earnings Projected to Grow Significantly in the Second Half of 2024 and Full Year 2025.**

**New Strategic Initiatives for PMI Create Significant Opportunities for Liquidity and Value Creation**

Garden City, NY, July 11, 2024 (GLOBE NEWSWIRE) -- ProPhase Labs, Inc. (NASDAQ: PRPH) ("ProPhase" or the "Company"), a next-generation biotech, genomics, and diagnostics company, today reported that Pharmaloz Manufacturing, Inc. ("PMI"), its wholly-owned subsidiary, is projecting significant revenues and earnings growth for the second half of 2024 and the entire year of 2025. The Company believes that the strategic enhancements to PMI's primary production line have generated increased capacity, revenue opportunities, efficiency as well as diversified and increased product offerings. These enhancements, combined with more favorable pricing, have led to a projected increase in PMI's revenues, margins and profitability going forward. Therefore, ProPhase believes there are several strategic options for PMI in 2024 and 2025 that may provide significant liquidity and value creation for the Company, though there can be no assurance that any transaction will occur. The Company has engaged ThinkEquity as an advisor to pursue strategic alternatives for PMI.

In the first two quarters of 2024, PMI introduced new automation equipment, refining production throughput, and a liquid fill machine. In the coming months, PMI will also install a new vacuum pump system which is expected to dramatically reduce water usage by over 96%. PMI is seeking to transition to 100% use of renewable energy, enhancing its ESG focus while significantly cutting energy costs.

Based on these improvements and the expectation of continued increasing customer demand, the Company believes that beginning in the current Q3 2024, PMI's 12-month forward looking revenue run rate with one production line will be approximately \$14-16 million and approximately \$5 million in pre-tax net profits. These results are anticipated solely through operation of PMI's first enhanced manufacturing line. To place this in perspective, PMI generated approximately \$9.3 million in revenues and reported net losses from operations in calendar year 2023.

The Company also anticipates the arrival of new manufacturing equipment for its second lozenge manufacturing line in the current fiscal quarter. This could more than double production capacity, thereby allowing PMI to meet the growing demand of current and potential new customers. The Company believes that the additional capacity of the second line, plus new product offerings, provide opportunities to grow revenues and earnings substantially beyond our initial estimates from operation of the first line.

In addition, because of favorable local labor market conditions for PMI, the Company believes there will be significant availability of new talent to staff the second manufacturing line as well as allow PMI to extend production to a second shift, further increasing capacity.

The Company believes that PMI's new production equipment, capable of manufacturing liquid-filled lozenges, positions PMI to capitalize on the fastest-growing segment of the lozenge market. Liquid filled lozenges enhance flavor without compromising therapeutic benefits. The Company also believes the new production equipment is an opportunity to expand PMI's private label business; attracting larger retailers seeking higher-margin, value-added products.

"The strong demand for lozenges and the scarcity of reliable, established FDA-regulated manufacturing facilities in the U.S. present Pharmaloz Manufacturing significant opportunities for value creation and material growth. In addition to the positive recent developments and outlook for PMI, ProPhase has high expectations for expanding its wholly-owned subsidiary Nebula Genomics, developing its BE-Smart esophageal cancer test, and introducing Equivir, a first-in-class OTC upper respiratory immune support supplement," said Ted Karkus, CEO of ProPhase Labs. "These initiatives are set to ramp up commercially over the next 3-18 months. With the rapid expansion and growth of PMI, pursuing strategic alternatives for PMI could provide more capital to aggressively develop these subsidiaries as well as enhance our balance sheet. We have strong assets and businesses in various stages of development with quite significant potential. I believe the growth of these assets and businesses will make the future quite exciting for our Company," concluded Mr. Karkus.

### **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 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 the prospects of raising additional equity capital, the expected timeline for commercializing our BE-Smart Esophageal Cancer Test, our ability to enter into new domestic and international long-term contracts for our Nebula Genomics business and the

financial impact of any such contracts, the anticipated timing for the receipt of new equipment and installation of additional lozenge lines and their ability to increase capacity and revenue, our anticipated expenses, ability to obtain funding for our operations and the sufficiency of our cash resources, and the expected timeline for the launch of Equivir capsules. 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.

For more information, visit [www.ProPhaseLabs.com](http://www.ProPhaseLabs.com).

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