



NASDAQ: PRPH  
Investor Presentation  
MARCH 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. The Company's laboratory testing subsidiary, ProPhase Diagnostics, offers SARS-CoV-2 (COVID-19) and COVID-19 viral mutation PCR tests through both saliva and nasal swab methods at its CLIA certified laboratories. Critical to COVID testing, results are typically provided in under 24 hours. ProPhase Diagnostics also provides Respiratory Pathogen Panel (RPP) Molecular tests including Influenza A and B and others. ProPhase Labs researches, develops, manufactures, distributes, markets and sells OTC consumer healthcare products and dietary supplements, including dietary supplements under the TK Supplements® brand. The Company actively pursues strategic investments and acquisition opportunities for other companies, technologies and products.

- **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.

# 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.



# Pharmaloz Manufacturing



**One of the Largest Lozenge Manufacturers in the U.S.**

- **Contract Manufacturing** - 60,000 sq. ft. climate-controlled facility on 12 acres operating under FDA 21 CFR 210 & 211 guidelines provides the ability to offer products for diversified needs
- **Private Label** - Partners with brokers and retailers to provide superior quality products
- **Marketing** - Offers the ability to deploy various strategies to help customers market their products successfully
- **Research & Development** - Works to develop and formulate customers' unique, best in class products
- **Quality & Regulatory** - Embraces the importance of both Quality & Regulatory compliance throughout the manufacturing process



# TK Supplements®



TK Supplements® is dedicated to promoting better health, energy and sexual vitality.

- We offer a line of dietary supplement products under the TK Supplements® brand, including:
  - **LEGENDZ XL®**, for male sexual enhancement
  - **TRIPLE EDGE XL®**, a daily energy and stamina booster
  - **SUPER PROSTAFLOW+™**, a supplement to support prostate and urinary health

Legendz XL has distribution in Rite Aid, Walgreens and other retailers, and via ecommerce, and is now achieving broader distribution in Q4 2020 at CVS and Walmart. Triple Edge XL, is now gaining retailer acceptance as well.



## MALE SEXUAL ENHANCEMENT\*



CLINICALLY SHOWN TO ENHANCE MALE SEXUAL PERFORMANCE\*\*...

- PROMOTES BLOOD FLOW WITHIN 60 MINUTES\*
- WORKS WITH THE FIRST USE\*
- PROMOTES STAMINA, CONFIDENCE & SEX DRIVE\*

MORE POWERFUL NITRIC OXIDE BOOSTER†



# TK Supplements

## - Authorized Distribution Platform



### **Drug Channel:**

- Walgreens: Sept 2019
- CVS: Oct 2020 (**Authorized BOTH Legendz XL AND Triple Edge XL**)
- Rite Aid: 2018, expanding to full distribution in Jan 2021
- Bartell Drug
- Cardinal Health – Authorized in POG for certain independent pharmacies
- McKesson

### **Mass:**

- Walmart: Oct 2020

### **Food Channel:**

- Ahold
- Key Regional Chains: Hannaford, Harris Teeter, Weis, Raley's, Bartell Drug, etc.

### **E-Commerce:**

- Amazon: Entire TK Supplements available
- LegendzXL.com: Entire TK Supplements available

# 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
<b>Total Revenue</b>	\$ 3.8	\$ 2.8	\$ 9.4	\$ 6.7
<b>Gross Profit</b>	\$ 1.0	\$ 0.8	\$ 2.7	\$ 1.6
<b>Gross Margin (%)</b>	27.1%	30.2%	31.1%	24.8%
<b>Net Income</b>	\$ (0.4)	\$ (0.4)	\$ (1.1)	\$ (2.7)

# Management



## **Ted Karkus** - Chairman & CEO

Mr. Karkus is the CEO and Chairman of the Board of Directors of ProPhase Labs, Inc. As CEO, he directly manages and oversees corporate strategy, product development, sales and marketing, and R&D. Mr. Karkus has long focused his career on investing, management consulting and managing emerging growth companies. He started his career on Wall Street working for a variety of investment banks. Mr. Karkus financed and advised ID Biomedical, a biotech/vaccine company, when it was valued at approximately \$25 million and near bankruptcy. He successfully persuaded the board of directors into making difficult but necessary changes to management, including the replacement of the CEO, and helped to redirect their strategic focus. Seven years later, the company was sold to GlaxoSmithKline for more than \$1.4 billion. While advising ID Biomedical, he began a similar decade-long engagement with ProPhase Labs. After years of declining revenues, increasing losses and questionable management activities, the Company's direction was in dire need of change -- and the shareholders' interests in need of protection. Mr. Karkus initiated a highly risky but successful proxy contest in 2009 that led to his position as CEO. After inheriting a severely declining brand portfolio, he restructured the go to market strategy for the flagship Cold-EEZE brand and grew revenues significantly. The net result: in 2017, ProPhase Labs sold the Cold-EEZE brand for \$50 million to Mylan, a multibillion-dollar pharmaceutical company. Mr. Karkus graduated Tufts University with a BS in Psychology and Magna Cum Laude Honors in 1981 and Columbia University School of Business with an MBA in Finance and Beta Gamma Sigma Honors in 1984.

## **Monica Brady** - Chief Financial Officer

Ms. Brady has over 15 years of experience with two public companies. She currently serves as the Company's Chief Financial Officer at the Company since January 2019 and previously served as its Chief Accounting Officer from September 2017 to January 2019 and Director of Finance from October 2009 through September 2017. Prior to joining the Company, Ms. Brady served as senior accountant at iDNA Inc. from June 2003 through September 2009 which focused on corporate communications. Ms. Brady is a registered CPA in the state of New York.

## **Steve Kamalic** - Chief Operating Officer, ProPhase Diagnostics

Steve Kamalic is a veteran operations executive with decades of experience building and growing lab processing units. At ProPhase Diagnostics, Steve will be responsible for ensuring the company meets its stated goal of 60,000 tests per day between its Garden City, New York lab and Old Bridge, New Jersey lab. Prior to joining ProPhase Diagnostics, Steve served as Chief Operating Officer and Sales Director at a substantial regional lab. He oversaw a laboratory business that significantly grew its annual revenues. He has worked at several startups and has a vision for growth and expansion. Steve holds an AAS in medical technology and a BS in Health Administration.

## **Sergio Miralles** - Chief Information Officer, ProPhase Diagnostics

Sergio Miralles is an experienced IT Leader, with over 12 years of experience in enterprise level Cybersecurity, Infrastructure, and Architecture. At ProPhase Diagnostics, Sergio will be responsible for ensuring a complete end-to-end technology solution that links its lab customers' patient data via interface to efficiently process and report results. Previously, Miralles founded and led a successful IT consulting firm overseeing 18 IT consultants. For the last 5 years, his primary focus has been on the medical, lab, and diagnostics business. Sergio holds several certifications from Cisco, ISC2, and CompTIA.

## **Carlos D. Brewster** - Chief Molecular Scientist, ProPhase Diagnostics

Carlos Brewster has over 18 years of experience in the Molecular Biology field, which started with an internship with the Federal Government in Washington DC. Carlos' current responsibilities encompass assay design, validation, implementation and training. Prior to joining ProPhase Diagnostics, he served as a Research and Development Specialist. Since the onset of the pandemic he has received several FDA Emergency Use Authorizations for the COVID-19 Assay, which is now being utilized within the industry by numerous laboratories and has generated millions of dollars in revenue. Carlos holds a Bachelor of Science in Biology. He also holds a New York State License as a Clinical Laboratory Technologist.

## **Amanda Vasquez** - Director of Molecular Science, ProPhase Diagnostics

Prior to joining ProPhase, Amanda worked as a clinical molecular technologist at Acupath Laboratories, Acutis Diagnostics, and Advanced Clinical Lab Solutions. Her expertise includes research design and data analytics, infectious disease testing, and molecular diagnosis of a range of diseases including COVID-19. During the pandemic, she has also aided in obtaining FDA Emergency Use Authorizations. Amanda earned a Master of Science in Forensic Science with a concentration in Molecular Biology from John Jay College of Criminal Justice and holds a New York State clinical laboratory technologist restricted license. She also serves as an adjunct lab instructor at John Jay College, York College, New York Institute of Technology, and Molloy College.

# 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.
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- **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.



# Contact

## Company

Ted Karkus  
Chairman & CEO  
711 Stewart Ave.  
Garden City, NY 11530

## Investor Relations

Chris Tyson  
Executive Vice President  
MZ North America  
Direct: 949-491-8235  
[PRPH@mzgroup.us](mailto:PRPH@mzgroup.us)  
[www.mzgroup.us](http://www.mzgroup.us)



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

