



ProPhase Labs, Inc.
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ProPhase Labs

NASDAQ: PRPH

Share Price ¹	\$15.66
Market Cap ¹	\$181.7M
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 January 13, 2021
 2. As of September 30, 2020

ProPhase Labs (NASDAQ: PRPH) is a diversified medical science and technology company with deep experience with OTC consumer healthcare products and dietary supplements. The Company’s recently formed wholly owned subsidiary, ProPhase Diagnostics, Inc., is a rapidly developing CLIA laboratory business that offers COVID-19 and other Respiratory Pathogen Panel (RPP) testing services.

Corporate Overview

- **Robust Acquisition Pipeline:** Recently formed ProPhase Diagnostics, Inc., which acquired a Clinical Laboratory Improvement Amendments (CLIA) accredited lab.
- **ProPhase Labs** will provide a wide range of testing for diagnosis, screening and evaluation of diseases, including COVID-19 and Respiratory Pathogen Panel (RPP) Molecular tests with a goal for capacity to process 60,000 tests per day by the end of Q1 2021, 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 \$5.5 million in equity January 2021.



CLIA Lab

- Acquired full service Clinical Laboratory Improvement Amendments (CLIA) accredited lab in New Jersey in Oct. 2020. Built current capacity to process 10,000 tests per day.
- Announced signing of lease for second CLIA lab in Garden City, NY. 25,000 square feet. Goal of 50,000 tests per day. To be operational by mid-January.
- 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.



Pharmaloz Manufacturing

- **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.
- **R&D** - 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.



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

TK Supplements®

- 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

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



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.

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 certified labs for processing.
- Longer term vision of COVID/influenza saliva-based test as well as various diagnostic 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 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.



Management

Ted Karkus - Chairman & CEO, ProPhase Labs

Previously, Mr. Karkus financed and advised ID Biomedical, a biotech/vaccine company, when it was valued at \$25M 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 \$1.4B. While advising ID Biomedical, he began a similar decade-long engagement with ProPhase Labs. After years of declining revenues, increasing losses and questionable 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. As CEO, he directly oversees corporate strategy, legal strategy, shareholder relations and marketing/advertising (including PR, SM/digital, TV, radio and print), as well as R&D/product development and sales team. After inheriting a severely declining brand, he restructured the entire 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 \$50M to Mylan, a multibillion-dollar pharmaceutical company. Additional info: Graduated Tufts University with a BS in psychology and Magna Cum Laude Honors in 1981 and graduated Columbia University School of Business with an MBA in finance and Beta Gamma Sigma Honors in 1984. He started his career on Wall Street working for a variety of investment banks prior to a financial consulting career which led to gaining control of ProPhase Labs.

Monica Brady - Chief Financial Officer

Ms. Brady has served as our CFO since January 16, 2019. Prior to serving as our CFO she served as our Chief Accounting Officer beginning September 2017 and our Director of Finance from 2009 to September 2017.

Steve Kamalic - Chief Operating Officer, ProPhase Diagnostics, Lab Processing Division of the Company

Mr. Kamalic holds an AAS in medical technology and a BS in Health Administration. Prior to joining ProPhase Diagnostics, Steve Kamalic served as Chief Operating Officer and Sales Director at Acupath Laboratories. He oversaw a laboratory business that grew to \$160M in annual revenues. Mr. Kamalic has worked at several startups and has a vision for growth and expansion.

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