

February 20, 2025



# ProPhase Labs Announces Excellent Progress with Crown Medical Collections Targeting Over \$50 Million in Net Near-Term Cash Recovery from COVID-19 Receivables

**Company Actively Pursuing Strategic Alternatives Including the Potential Sale of Nebula Genomics and DNA Complete to Unlock Immediate Cash**

**GARDEN CITY, NY, Feb. 20, 2025 (GLOBE NEWSWIRE)** -- ProPhase Labs, Inc. (NASDAQ: PRPH) ("ProPhase" or the "Company"), a next-generation biotech, genomics, and consumer products company, is focused on **immediate cash generation** through two key initiatives: strategic alternatives including a potential sale of its genomics assets and the aggressive collection of outstanding COVID-19 receivables. These initiatives are expected to **generate significant liquidity** starting in the next few months and strengthen the company's balance sheet.

Ted Karkus, CEO of ProPhase Labs will present to shareholders during the live Virtual Non-Deal Roadshow Series on February 25, 2025. The details are available below.

## **Crown Medical Collections Initiative**

ProPhase has been collaborating with Crown Medical Collections to pursue over \$150 million in uncollected COVID-19 testing receivables from more than 1,100 insurance companies. Crown's legal strategy is unique and targets insurance companies and their unwillingness to reimburse valid Covid-19 claims as defined in the Cares Act. This law requires all insurance companies to pay claims regardless of network and plan status. Crown Medical Collections has over \$3 billion dollars currently in collections and employs an experienced team of attorneys to negotiate settlements and litigate when necessary. This method has been highly effective in other cases and is projected to maximize the Company's recoveries.

After closely reviewing these outstanding claims, Crown estimates that ProPhase could collect in excess of \$50 million dollars net of fees, potentially almost doubling the current amount of COVID-19 receivables recorded in its financial statements. Incredibly, this amount alone is more than double the entire current market cap of the Company. Crown's nationwide network of attorneys is highly motivated and has achieved successful outcomes. According to past precedents, material cash flow from these efforts may begin to flow into ProPhase as soon as June or July 2025.

## **Crown Medical's Expertise**

Crown Medical's specialization lies in recovering unpaid COVID-19 reimbursements through a robust team of experienced attorneys who communicate directly with insurance companies' legal departments. By enforcing compliance with all relevant COVID-19 regulations, Crown Medical consistently achieves accelerated success and superior recovery rates compared to traditional methods.

### **Strategic Initiatives Including the Potential Sale of Nebula Genomics and DNA Complete to Generate Immediate Cash**

Nebula Genomics is a leading direct-to-consumer whole genome sequencing provider with an enormous database of over 65,000 whole genome sequenced customers (equivalent in size to more than 150 million typical ancestry tests). This is within a growing market segment that has seen recent market value validation by way of Nucleus Genomics raising \$14-million in Series A funding from Seven Six, Founders Fund, Neo, One Eight Capital, Giant Step, Common Metal, Asylum Ventures, Rose Street Capital, Balaji Srinivasan, Amanda Bradford and many others.

### **CEO Commentary: ProPhase's Commitment to Cash Generation**

Ted Karkus, CEO of ProPhase Labs, stated:

*"We are singularly focused on generating immediate liquidity through two highly actionable initiatives—the sale of our genomics assets and the recovery of outstanding COVID-19 receivables. These cash inflows will enable us to strengthen our financial position and drive future value creation. As noted above, the potential estimated collections from the Crown Medical Collections initiative alone could be a multiple of the entire current market cap of the Company. And this does not include our strategic initiatives for our genomics businesses, our BE-Smart Esophageal Cancer Test with a target market of \$7-\$14 billion and does not include our world class direct-to-consumer multi-media marketing platform that we will discuss in more detail in an upcoming press release. Needless to say, we are excited for the future and the potential that is unfolding."*

### **CEO to present to Shareholders**

ProPhase will also present to shareholders during the live Virtual Non-Deal Roadshow Series on February 25, 2025, hosted by Renmark Financial Communications Inc. During this presentation, Ted Karkus will offer further insights into the Company's trajectory and respond to investor questions.

### **REGISTER HERE:**

<https://www.renmarkfinancial.com/events/renmark-virtual-non-deal-roadshow-nasdaq-prph-fpqZzDMLVH>

**To ensure smooth connectivity, please access the link above using the latest version of Google Chrome.**

### **About ProPhase Labs**

ProPhase Labs Inc. (Nasdaq: PRPH) ("ProPhase") is a next-generation biotech, genomics and consumer products 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. 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.

## **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 expectations regarding future liquidity events, the success of our efforts to collect accounts receivables 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. 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.

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Source: ProPhase Labs, Inc.

