

September 23, 2025



# **PROPHASE LABS, INC. ANNOUNCES COMPLETION OF IMPORTANT NEXT STEP FOR CROWN MEDICAL COLLECTIONS \$50 MILLION A/R INITIATIVE**

## **COVID-19 TESTING LABORATORY SUBSIDIARIES FILE FOR BANKRUPTCY PROTECTION**

**UNIONDALE, NY, Sept. 23, 2025 (GLOBE NEWSWIRE)** -- ProPhase Labs, Inc. (NASDAQ: PRPH) ("ProPhase" or the "Company"), a next generation biotech, genomics and consumer products company, announced that its three COVID-19 testing laboratory companies filed for reorganization under Chapter 11 in United States Bankruptcy Court for the District of New Jersey, advancing the Crown Medical Collections initiative to the key next step.

This bankruptcy action is strictly limited to the Company's COVID-19 lab testing units, which are collectively owed tens of millions of dollars by insurance companies. Successful collections have the potential to be multiples of the Company's current market capitalization. As a reorganization, the Company is taking the necessary steps to restore financial stability and position the laboratories for long-term viability and growth. One objective of the bankruptcy filing is to streamline and accelerate recovery of funds that the Company believes were lawfully owed for approved and completed testing services. In many instances, the insurance companies had previously approved claims but underpaid the amounts required by law. The Company is confident in the merits of these claims and intends to pursue all available avenues in bankruptcy court to collect these funds efficiently.

"Filing the lab subsidiaries in bankruptcy court was the critically important next step that we have all been waiting for, said Ted Karkus, CEO and Chairman of ProPhase Labs, Inc. "The Crown Medical Collections group of attorneys will now directly approach these insurance companies with litigation and the potential for early settlements."

Mr. Karkus continued, "Crown Medical continues to estimate \$50 million or more cash collections for the company net of all legal and contingency fees. Crown Medical's \$50 million net estimate also includes Crown Medical's estimate for negotiations with the insurance companies for expedited settlements instead of protracted litigations. We may potentially enjoy significant collections during Q4 of this year, that could be multiples of the entire current market capitalization of the company."

Importantly, this process does not involve or impact ProPhase Labs, Inc., the parent company, or its other initiatives. The Company continues to advance significant projects, including the development of a groundbreaking esophageal cancer test, the BE-Smart™ esophageal test, that holds the promise of saving thousands of lives and may reduce healthcare costs by billions of dollars annually. The Company looks forward to positive

updates on next steps in the commercialization of this vital test shortly. In addition, the company's Nebula Genomics and DNA Complete subsidiaries continue to make strong progress with innovative genomic and DNA-based testing.

Finally, the parent company's exploration of a crypto treasury strategy is entirely unrelated to the bankruptcy proceeding involving the lab subsidiaries.

The Company remains focused on innovation and growth in key areas of health technology, and this legal action is a necessary step to ensure that funds lawfully owed are collected and can be invested in our continuing mission.

### **About ProPhase Labs Inc.**

ProPhase Labs Inc. (Nasdaq: 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 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. 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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