

PRPH Earnings Call Transcript

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Quarter: 3

Noella Alexander-Young: Hello, and good afternoon, everyone. Welcome to today's presentation. My name is Noella Alexander-Young, virtual event moderator here at Renmark Financial Communications. On behalf of our team, we want to thank everyone for joining us today for ProPhase Labs, Inc.'s third quarter 2025 results. ProPhase Labs, Inc. is trading on the Nasdaq under the ticker symbol PRPH. Presenting today is Ted Karkus, Chairman and CEO. Following the presentation is a Q&A session for which you can participate using the chat box in the top right-hand corner of your screen. That being said, I will now hand the floor over to Ted.

Ted William Karkus: Okay. Greetings all. Thank you, Noella, as always. Thank you, shareholders and others, for joining the call. This is our Q3 ProPhase Labs, Inc. presentation to review results and what we are going to be doing going forward. First of all, I have to thank Renmark, who does a phenomenal job of hosting these calls. We do a call like this about once a month so that I can keep investors up to date. I also want to acknowledge Red Chip, who we also hired for investor relations. They work in a collaborative effort with Renmark, and I am really pleased to have Red Chip onboard as well now. Let's just hop to the forward-looking statement very quickly. I am going to assume that you have all read this. Bottom line, everything I am going to say today is accurate as of today. It does not mean that things cannot change in the future. And if they do, there is no guarantee that you will be updated in the future. Alright? But I will assume that everybody's read the forward-looking statement. And with that, and by the way, this entire presentation is available on our corporate website, so you can review it at any time. As most of you know, these are the verticals of ProPhase Labs, Inc. I am going to go into each one of them. Before I do that, and I will probably remind everybody at the end, it is critical and important we have a proxy out there. It is critically important that you vote. If you do not vote for our proxy, you are putting our company in harm's way. It makes no sense if you are an investor and you do not vote your proxy. It is really that simple. So I can understand why shorts do not want you to vote the proxy, there are a number of reasons for this that I am going to go into. I am going to go into the various subsidiaries of the company. Why do not I just tell you at the outset, we are working on some strategic initiatives. The strategic initiatives may be impacted if you do not vote the proxy. The strategic initiatives could recognize significant underlying value in our company. This would be good for all of us as investors. So please vote your proxy. We do have a lot of positive voting going on. But we do need a quorum, and we need everybody to vote. Alright? I will remind everybody at the end of this call too just because it is so important. Talk about it a little bit about the reverse stock split and all that other stuff. Or the potential reverse stocks. But why do not I just clarify a couple of things upfront? We talked about a crypto treasury strategy previously. That is not off the table. But to be clear, I will not do anything that does not significantly recognize the underlying value and assets get the votes. It could impact a very bullish strategy. I hope to update you very soon. On the strategy. And let's just leave it at that. I do not want to talk out of line. I do not want to get too far ahead of myself. I want to go through the various subsidiaries of the company and where we are at right now. The end of this call, I think that you will all realize that there is a disconnect between the market cap and the underlying assets in the company. My job is to recognize some of that underlying value and for the long run so that the stock price goes up in the long run. And so we all make money in the long run. That is what I did before. I turned around the company once before when I first took over. Had a 65¢ stock. Company potentially going bankrupt. I paid out

\$2.40 in cash, special dividends to the shareholders. And our start flew, and we went into all these great businesses. It is like a deja vu because right now, I am working at exactly the same thing. The only difference is back then, all I had was a brand with declining sales. It looked like I was going out of business. Now we have several assets. Each one of which by itself individually has significantly more upside potential than what called these had at the time. So with that, let's get into the various businesses. So the very first asset I want to talk about is our Crown Medical Collections. Now everybody knows I was talking about that earlier in the year. And everyone's like, okay, Ted. Are you getting tired of talking about it? We are beginning not to believe. But we went through a critically important process that took longer than anyone would have liked, and it was bankrupting COVID lab subs that are not really doing anything now anyway. So it made sense to bankrupt them. It turned out to be a significantly more complicated and cumbersome procedure than I certainly expected. Critical component of that was hiring the right bankruptcy attorney who was independent of Crown Medical to actually be the bankruptcy attorney of record. We found the perfect person to do that. He has done a phenomenal job. I cannot believe the amount of work he did. And finally, just unlike the last week, the judge gave the green light. We bankrupted the lab subs. I reported that. And then critically important, Crown Medical has now been appointed special counsel. The reason that is so important Crown Medical was already reaching out to the roughly thousand insurance companies that owe us money. We are talking about, like, a \$150 million of uncollected COVID testing that at one point in time the prior government guaranteed we would get reimbursed for. So part of what got us in this mess in the first place, we built out businesses. Thinking that money was going to continue to flow and all of a sudden it just stopped. All of sudden, we had overhead. Seemed like a rounding error at the time that that became significant. When we got cut off from this funding. So in any event, Crown is now going after that. To be clear, a big part of what we are going after are underpaid claims. These are COVID tests where we submitted to the insurance companies. They paid us, but they underpaid us. Let's suppose legally there was pay us a \$125 companies with the balance. We are talking to many tens of millions of dollars. A significant portion of this \$150 million. And for not paying what they were supposed to pay. They already reimbursed the claim. They already acknowledged that the patient was a real patient of theirs. They acknowledged that the doctor's requisition order. Was proper, that we turned around the COVID test properly, etcetera, etcetera. So now if they have no defense, and in some cases, Crown Medical may be representing four or five laboratories, in four or five states going after the same insurance company. And if this insurance company happened to underpay, well, five of these labs in five different states, states. It shows a pattern of fraudulent behavior. No insurance company wants to defend a lawsuit that they are not dollars or more, even a million dollars just defending. A lawsuit they are going to lose. So now Crown comes to them and says, hey. Give you and I do not know what the exact percentage discount is. We will give you a 25% discount to settle right now. So they have a choice of taking a 25% discount of paying now or they could spend money on lawsuits that they are going to lose, spend an enormous amount of money in litigation, and then lose the full amount. And potentially trouble damages we can prove fraudulent behavior. So we are in a situation where certainly out of the thousand labs thousand insurance companies, half of them, let's call them the low hanging fruit, we think that they are going to settle quickly. So the key point of all this was appointing Crown Medical as special counsel. That just happened. So while Crown has been preparing to go after these thousand insurance companies, and in fact, scrubbed our data clean. They said we had one of the best, if not the best dataset of any lab. That they are representing. And he said that we we had world class IT. That, collected our data the right way, So we are pristine, and, Crown Medical means business. So the bottom line is Crown was approaching the insurance companies before, but their attitude is when you actually get court approval and you are ready to serve litigation, that is when we will talk. So now the last part of this, in bankruptcy court, what is interesting because in theory, the idea is to get the bankrupt company out of bankruptcy and operating again, They have what is called expedited litigation. You skip over months of pleadings. You go right to meet and confirm meetings, And if they are not successful, you go right to delivery and discovery. So Crown Medical has I do not know, a stack this thick. Of discovery items to serve the insurance companies. And we believe the insurance companies are going to start settling right away now the Crown has been appointed special counsel. So that is where we are at today. Yes. Has it been frustrating? Did I think it could have

happened months ago? Absolutely. This was the hurdle we had to get out over, and now things should move quickly. And in fact, we have one small settlement. Not going to go into details. Does not matter. It is a small amount of money. But the point is, now that crown has been appointed special counsel, believe settlements are going to start happening. It is going to change our financial structure pretty quickly. Now I am talking about it a few months. I am going to talk about it in a few days. So we are still going to have to get through the next few months. But after that, once that money starts coming in, if our market cap is anywhere near where it is right now, you can do not know if I am allowed to say this or not. So I will just say I have a history when we have significant casts in undervalued stock. Of buying back stock. That is what I did the last time around, the last cycle around. I bought back a ton of stock. I did two Dutch auctions. We took out everybody that wanted to sell, and we paid dividends. We could be in a very similar deja vu type situation. Again, once the Crown Medical cash flow starts to flow in. We will pay off debt first, then maybe we will buy back stock, hypothetically. And then we will be in a very sweet position. So now we have to put that all into perspective of the fact that I do not know what we have. A \$12 million mark cap? We are estimating Crown is estimating and they they are actually telling me they are somewhat conservative. They absolutely believe going to collect at least \$50 million net. That is net. Of the \$150 million we are going after, giving discounts. They are not going to go after all the claims. Some of them probably are not clean or whatever. They are going to give big discounts to the insurance companies. Taking their contingency fees. The last piece of this Crown not getting paid a penny. They have dozens of attorneys dozens of attorneys working on this. None of them get paid a penny. Except out of the collections. They have been working on this all year for free for us. They would not be doing it if we were not going to collect a lot of money. So that is crowd. So when you look at it from the perspective of I am trying to figure out some team what to do with our company, I see all this cash coming in. So I am funding the company. Principally with debt right now. Does not mean, you know, we will not issue some shares. But the the goal right now we have an ATM. I have never used I have not used the ATM. We we, have a new ATM. You know, I cannot we canceled the ELOC months ago, which we announced. Then we signed up for an ATM. We have not used the ATM yet. I cannot guarantee I am not going to, but, you know, it is based on price, based on our cash needs, it is based on debt availability, etcetera. But we have several companies willing to fund us as needed. Especially because ones that do their due diligence in Crown, are very confident that that cash will be flowing into the company. The other aspect of this is we have or three other subsidiaries that are very valuable. Let let's get out into that a little bit. Think we are going to jump to where our b smart esophageal cancer test. That is in a ProPhase Biopharma subsidiary. I am going to go just straight to this page. I am not going to do a a long detailed presentation of this. I am sure most of you have heard this before. The bottom line is esophageal cancer is one of the deadliest cancers. We have what we believe is the best diagnostic test in the world for one of the deadliest cancers. It is that simple. The reason it is one of the deadliest cancers is because it is not diagnosed accurately. We take an inaccurate diagnosis and make it accurate. It is that simple. That is the beauty of it. We are basically enhancing the endoscopy. The standard of care you are at risk of cancer of of esophageal cancer is an endoscopy. An endoscopy an endoscopy is where they stick a tube down your throat and remove. Tissue specimens and study them under a microscope. Two pathologists study the same specimen under the same microscope. One will tell you you have esophageal cancer. One will tell you you do not. All we are doing is we are taking that specimen. Running through our mass spec machine with the a a you know, associated AI, etcetera. We have patented the key eight proteins that are virtually always when you are developing esophageal cancer. So it is a no brainer. Take one of those specimens. So the interesting this is such a convenient test in critically important to physicians And broad scale commercialization is the convenience of There is nothing more convenient than our test because this is for patients already getting the endoscopy. So the roughly 67 and 67 million endoscopies in The United States alone, and this is a global problem. This is a growing problem around world. And so there is 7 million of those industries. They are just for people at high risk of esophageal cancer. We believe every one of those 7 million endoscopies should add our test onto it. If they did, they will get a significantly more accurate diagnosis. It would make no sense not to. If we get reimbursed hypothetically, a thousand to \$2,000, that would make our test a 7 to \$14 billion target market test. It is that simple. And the last piece of this is we are partnered, ventured with Mayo Clinic. We own the test. We have, doctor Chris Hartley, and, he indicated he wants to get

more involved. He is at Mayo Clinic. Have doctor Joe Abdul, one of the scientists who invented the test. We have James McCulley. He is the CEO of another biotech company with significant experience with commercialization. Are all people working with us now. Others. And as the cash flow comes in, from our Crown Medical initiative, be able to fund this. No problem. And we are not talking about a big budget. I am looking at a small budget. Just to develop the test for the next year, get it to a point where a multibillion dollar cancer testing company wants to take us over or joint venture partner with us. You know, why build out a huge Salesforce if someone else already has one and just sort of a plug and play plugs in our test? And all of a sudden, you know, it is doing hundreds of millions of dollars a year. And we got a 7% royalty. We get, I know, We got a block of money upfront. We we could get a block of money upfront twelve months from now that is five times the current market cap of our company. So that that gives you a little bit about our be smart esophageal cancer test. The key point is we just highlighted a press release in the in the last week or so. Got into a major journal. The reason the major journal was important is that is where the key opinion leaders in the industry study our clinical study and gave it a thumbs up. And said, hey. We are all in. This is a great test. It should be commercialized. Now that we got their good seal of approval, so to speak, can now work on commercialization as what is called the laboratory developed test or LDT. FDA decided that they were not going to oversee laboratory developed tests. We have cleared the FDA hurdle. Good to go. So I am really excited about this test. And let's let's move on. Our next opportunity would be our Nebula Genomics DNA complete. We completely turned the business around. George Church founded it. I am not going to do a lot on this. Except to say, that we completely cleaned up the business led led by Jason Karkus, He we shut down the laboratory. We cut out such a large percentage of our expenses and overhead. As I said, we shut down the lab. We have a highly Jason, had a highly efficient lab to do our testing now. Which makes our business a pre you know, it is primarily a direct to consumer business now. We went from a lifetime subscription to you buy a one year then you renew it the next year. We found that the conversion rates were virtually identical to the lifetime. And so by selling it one year, it means next year, most people renew. That is a that is a subscription. That is a revenue for us. That we do not have to pay anything for. We already have the data. We are already doing the reporting. We already have the IT. So the profit margin on the subscriptions that come in in year two, the subscription renewals, is probably, like, 95%. So we are roughly a breakeven business now, that on a pro form a basis, will be profitable. And now as we clean up our finances, we will be able to grow this business dramatically. Because we have one of the best reporting systems in the world. We have one of the biggest database in the world to leverage. You know, we tested in over a 130 countries. Over 60 over 60 or 70,000 whole genome sequencing. It is the equivalent of 150 million ancestry tests. Our database alone is is worth more than the mark market cap of our company, although we could not sell it by itself. For political reasons. Because you cannot sell somebody's data. But, of course, somebody could buy the company, what I want to do right now is build this business. So it gives you a little bit about our businesses, We have a dietary supplement business that we could potentially develop. We will we will see. I am trying to keep the business the our company as clean and mean as possible, as lean as possible. Not going too many different directions. I am not looking to go in more directions. Crown Medical collect a lot of money. Pay off our debt. Develop our esophageal cancer test, grow our nebula business, Our company could be worth 10 or 20 times worth trading right now. That is the opportunity. So that said, I will go to, you know, the investment highlights. Again, earlier this year, we completely restructured the company. Sold our a formalized manufacturing facility. Down our Nebula Genomics laboratory, We dramatically reduced headcount. We significantly reduced IT and related overhead. And we are now working on not just the reverse crypto treasury strategy, but we have another initiative that could be very exciting that recognizes the underlying value of our I promise you, if I do a deal like this, I am going to do this, because it is going to make all of us as shareholders a lot of money. Otherwise, there would be no reason to do it. So that is where we are at. Reviewed the Crown Medical Collections initiative. I am looking forward to when that cash flow starts. Once that cash flow starts, we are a different company. So if you are worried about the stock price now, we have shorts in there. You know, I I think we have a lot of shorts in our stock right now. Really sort of silly. And will that change as soon as the Crown Medical starts to flow? As I mentioned, we we did already get one small check. You know, it is not worth talking about. The point, is we have turned the corner. We have gotten over the last hurdle. With

the bankruptcy courts. We went through BSmart. DNA complete, Nebula Genomics is well positioned. We do have potential our dietary supplements. But I want the cash flow if we are going to develop that business. And so now let's go to I have some other things that I want to mention. In fact, we will we will get to the questions. But before we get to the questions, I wanted to mention somebody talked about our working capital deficit. To be clear, that is an accounting item. When we bankrupted the lab subs, the accounting for those lab subs change. The assets and liabilities, the timing, change between what is current and what is noncurrent. It created this ridiculous amount of negative working capital. Obviously, it is ridiculous. We are losing tens of millions of dollars. So, obviously, that was an accounting. It is a balance sheet item. It is it is not affecting us in real terms. It just it is just accounting terms for bankrupting some. The other thing I will mention to you is that the a lot of the negatives in the quarter that is related to amortization and depreciation. Stock based compensation, You know? And for those of you you question whether I get stock options and that kind of thing, to be clear, for most of the year, I voluntarily and Jason did too. Deferred most of our salary. Just to help the company. I did not collect an interest rate on it. Alright? I did make one loan to the company earlier in the year that somebody questioned me about. To be clear, had I borrowed that money to make the loan to the company, just so I could get others to invest in the company and make them senior secured to my loan so that they would feel good. I did that to help the company. So, you know, people question, oh, you got a high interest rate on the loan. I number one, I borrowed the money. Number two, I put myself at risk. Number two, three, did that for the company. And number four, I I deferred a significant amount of my salary this year. Nobody is paying me to do that. Okay? So I am doing this all for the company. I am all in. I hope those that are listening are all in too. So hope that addresses that. I do want to get back one more time about the voting. We may do a reverse stock split. We may have to. But understand our stock price just went from trading \$50.60 cents to 25¢. We have a market cap. I do not even know what the market cap is. It is around it is just over, like, \$12 million or something like that. Let's see. Yes. It is, you know, some kind of number around \$12 million. Where is the stock going if we do a reverse stock split? Well, you have to understand that sometimes with reverse stock splits, the stock price actually go up afterwards. Because the only reason when it is fully discounted before you do the reverse stock split and then all the shorts have to start to cover. Because there is no reason to be short anymore because reverse stock split happened. Also, you have to put it into context of the value of the company. With companies most companies, the reason why the stock prices may go down after the reverse stock split is because they were going down anyway. If a company is going bankrupt and they are going out of business, then sure, their stock price is going to go down. They are going to do reverse. The stock is going to continue down. See, it will happen all the time. But real companies like ours that have enormous underlying asset value they do not have to go down after the reverse stock split. In fact, if we do a and there is not a guarantee. If we do a reverse stock split, it is quite possible our stock goes up. I was talking to one large shareholder. Involved in a company. The stock symbol is o e s x. They did a reverse stocks when the stocks done nothing but go up afterwards. Even in during this this correction in the bull market over the last couple of months, stocks been doing nothing but going up. After the reverse stock split. So in our case, you know, we have a mark cap of \$12 million. Our stock's just been cut in half. After filing the proxy. And we now have crossed the hurdle with Crown Medical With the collections, it is now visible. We can now see that the collections are actually going to start to happen. And so after the reverse, understand whatever the number of the reverse is, we are going to have the same market value. Your shares are still going to own the same percentage of the company. And if the Crown Medical starts to kick in, if the stock's anywhere near these prices, I will buy back stock and take it up dramatically higher than where it is now. So after the reverse stock split, whatever the equivalent is, I will take the stock up from there with buybacks. As enough you know, once enough cash comes in and we are paying off our debt. We have excess cash. And I should not say definitively I will do that, it would be a no brainer to do that if the stock's not undervalued. As I said, have a history last time around. When I did this. I sold the Goldie's brand. I did exactly the same thing. Your stock was 65¢. We sold the Caldi's brand, and I did two Dutch auctions. Exact same thing. So I do not I this is Deja, but I do not mind doing that again. Do not be so scared of a reverse. Now if you want to be scared of a reverse stock split when or stocks that 75¢ maybe, or 80¢ or a dollar. Oh, is he going to do a reverse or not? Or stocks? Trading under 30¢ a share. It has got a \$12 million market cap. It is silly. So I just want

to put it in that perspective. The other thing critically important, I am working on strategic deals besides the crypto treasury strategy. I am working on another deal. We have to maintain Nasdaq compliance the likelihood of doing a deal that is going to attract and increase the value of our company and make our shareholders money, going to be difficult to get a deal done if we are not Nasdaq compliant. So it would be silly not to be Nasdaq compliant. I need every person listening to this call please vote for the proxy. Otherwise, own the stock. What is the point of owning the stock? And then not voting to help the company do well? That is the point of voting. So please, please, please vote. Okay? And I am sorry I have to do this, but, you know, the voting ends at the end of the week. We are close, but we are not there yet. So every last year, it makes a difference. I feel like I am a politician now. That is it on the voting. That is it on talking about the reverse stock split. Let me just see Why do not I, turn it over to to questions? Actually, it is exactly 02:30, so that is when I normally turn it over to questions anyway. Noel, please, I will hand it off to you. Thank you all for your time.

Noella Alexander-Young: Thank you very much, Ted, for the presentation. We will now begin the Q&A.; Your first question is, based on your press release, it sounds like you are potentially working on two or more different major that could increase shareholder value. Can you clarify this?

Ted William Karkus: Yeah. So and by the way, it is potentially more than two. We have the reverse crypto strategy. Understand crypt crypto so volatile right now and crypto treasury stocks that did reverse mergers are somewhat out of favor. There is no hurry to do something like that. But as I mentioned, though, if significant cash comes in when significant cash comes in from the Crown Medical Initiative, we could use that cash. That would be nondilutive. If we develop the crypto treasury strategy around that. Where we generate income, off of the crypto And I am telling you, there is no question. Is going up in the long run. It is not even question. But I am not I do not need to be a gambler with the company either, and I do not need to do a reverse crypto strategy right now. So we will we will see. That was on the table. But with crypto market where where it is right now, we will see. There is potentially a very attractive deal that we could do when crypto was higher. So but we will see. In the meantime, another and this is relatively recent has developed just do not want to talk more about it today, but I will be updating shareholders. If I do that deal, it will be very positive for the shareholders. Alright? And so we will see where it goes. I do not want to get out of line and say too much too soon. There is no guarantee. I am going to do the deal. But it is certainly interesting. It is something we are pursuing. Number three, now that we were published in the journal for our b smart esophageal cancer test, our scientists are being approached by a variety of companies, cancer testing companies, and others that want to either get involved, joint venture, acquire, whatever. Alright? So we have that going on. So we have that going on with the subsidiary, then I have the deals I just described going on with the whole company. So there is a lot of potential there. I am going to do what is best for the shareholders. Even though I got diluted with everybody else, I am still a large shareholder. I care about the value of our shares ultimately. For the question. What is the next one?

Noella Alexander-Young: Thank you, Ted. Next, if you were asked, it looks like you made you a reverse stock split. If you do it, is it possible that the stock price will go up or down?

Ted William Karkus: Exactly. So if, you know, if the stock price was a lot higher right now, could it have a little risk? I guess it would still be undervalued even if was double. Right? But with where the stock price is, what is the downside? Is it going to do? It is going to go from a \$12 million cap to \$11 million market cap? Then the Crown Medical, \$20 million is going to come in, and I am going to buy back half the shares outstanding in the company. And my stock will be twice or three times worth trading on a on a split adjusted basis. This is all silly. A reverse stock split in and of itself is not something to be scared of. What is more to be scared of is if we were not Nasdaq compliant. We have a lot of value in the fact that we are a Nasdaq company I want to stay a Nasdaq company, and we will see what happens. Earlier in the year, if Crown Medical had kicked in earlier in the year, my guess is we might not have to do the reverse. We, you know, we might be trading around a dollar an hour more. It is quite possible or probable. That did not play out that way. But having said that, even in a dollar, we might have done a reverse. When we are talking about the reverse I am sorry. Crypto treasury strategy, they were thinking that they wanted a higher stock price, and they might want us to do a reverse anyway even if we did not need to. So I do not want to go more into it than that. But stock prices sometimes go up after the reverses. I gave you one example of that. I like to think ours would be one of them. If nothing else, all

the shorts out there, you know, they would probably be running for the hills afterwards when they see there is you know, nobody left the seller, the market cap is so low. That is not a guarantee. I do not know what is going to happen. I can just tell you the reverse stock split in and of itself. Your percentage of share ownership does not change. The market value of the company at that moment does not change. And the upside from here for our market value is incredible. Thank you.

Noella Alexander-Young: Thank you for the clarity, Ted. The next question is, from the recently released financial earnings reports and statements I see that M and A discussions unrelated to the crypto treasury strategy are being explored. Does this mean the crypto treasury strategy remains part of the company's strategic vision going forward?

Ted William Karkus: Sure. So I think I just answered all of those questions. I do not think we need to spend too much time on that. Again, everything is possible. I only want to do something accretive for the shareholders. That is the goal. And I happen to have another deal that could be very accretive for the current shareholders, I think everybody would very I just do not like talking too much about it because it is premature. So but I just want you to know, though, we have to be Nasdaq compliant. That is the that is why everybody has to vote. Alright. Thank you.

Noella Alexander-Young: Thank you, Ted. Your next question is, \$100,000 in the till unable to use shares for cash how do you plan to pay employees and board going forward?

Ted William Karkus: Sure. So amount of cash we have on hand right now is about the same amount of cash we have had on hand every month and every quarter all year long. Have multiple investors, large investors, that want to support us. With various types of funding up options. You know, we did a a \$3.8 million debt deal once before. We we can always take out more debt. You know, there are we definitely have a number of options out there. People that want there are definitely large investors out there that see the underlying value. And I will use all potential financing strategies to support our company. Whether whether it is you know, debt or equity or combination or what have you, we are in really good shape from the point of view that we have such a strong underlying asset value. So financing until the Crown Medical comes in, that is not the issue. The issue is is is what form we take. Debt or equity. What the terms are, etcetera, etcetera, etcetera.

Noella Alexander-Young: Thank you, Ted, for that response. Next, we And let me just add to that.

Ted William Karkus: Whatever we do right now, once the Crown Medical comes in, even if we hypothetically issued shares, my goal would be to buy back all the shares. The stock price anywhere near stock price, I will buy back. I would not be afraid to buy back 10 or 20 or 30 or 50% of the shares outstanding in the entire company. And I I really do think that way. If we are a stock undervalued and the cash is coming in, so that all gets fixed as the cash comes in. And that is separate from the fact that, as I said, you know, our beeswort esophageal cancer test could be worth 10 times our market cap 12, you know, twelve months from now. Literally, or less nine month nine, twelve months from now. Just our esophageal cancer test alone could be worth 10 times the current market cap of our company. Think of that as a concept. You got Lucid as a \$105,150,000,000. Market cap. Their test if you test positive on their test, you then have to the next step is to go get an endoscopy. They are not even competition. It is kinda like I I compare it to testing where you get the rapid antigen test, test positive on the rapid antigen test, the next step is to go get the higher, more accurate, you know, reading from the PCR test. Well, this is the same kind of thing. On their test, the next step is get an endoscopy, We make the endoscopy die diagnosis significantly more accurate. So and and they have a market cap, you know, We should be once we commercialize, we should have a significantly greater market cap than they do. And, again, just if we achieve their market cap, it would be more than 10 times the current value of our company. Thank you.

Noella Alexander-Young: Thank you, Ted. Next, Vi was asking, how are you going to prevent delisting from stock exchange without a reverse stock split? What needs to happen to get the price above \$1 for a month?

Ted William Karkus: Sure. So first of all, it does not have to be above a month. It is for ten trading days. Number two, this deal I am working on, quite frankly, I could take the stock over a dollar very, very quickly. And number three, but I would like to have in my back pocket if we needed doing the reverse stock split. Which is why you have to vote. And number four, we need the vote because I need to give the other companies and bankers that I am working with confidence that we will remain on Nasdaq and

be Nasdaq compliant. So we need to vote for that even if we do not do a reverse stocks. What we need to show we have the votes to do a reverse stock split if necessary. Otherwise, that could derail some of these potential deals. It could be great. So again, I do not I do not know how to emphasize this, strongly enough. Because I do not know the random people out there that own stock. But because if it is in a brokerage name, we do not get those lists or if we get the list, we do not get the contact information or you know, we you know, you have to book your shares. And so please do it through the brokerage firms. They typically will send you an email or you just go online. And you can vote very easily. Alright. Thank you.

Noella Alexander-Young: Thank you, Ted. Your next question is, when will prophase go up stay up, and what might be the ceiling?

Ted William Karkus: Think I have answered that question so many times. People are going to be upset with me if I answer it again.

Noella Alexander-Young: Nope. I will move on to the next one. The stealing is the company could be worth 10 times where it is trading today. Eighteen months. Okay? And that is not the ceiling. Just you know, I was thinking about this because I was thinking about it for myself with all the shares that were issued in the last year and how I got diluted. And I was just thinking, you know, our esophageal cancer test in in three or four years would be you should be worth a billion dollars. So you know, easily, that that means that this like, a \$20 even with a little more dilution, even if we have 50 million shares outstanding. A billion dollars means we would have a \$20 stock price. We currently have a 26 at stock price, 27. I do not know what stock's trading today. Alright. Could you imagine that? We are trading under 30¢, so we could be at \$20. And understand if if we do a reverse stock split, the ratio of where we are, you know, that potential percentage, it would still be the same. We do a reverse stock split. It does not change. The market cap the value of it will still go up by multiple of of 20 if we go to a billion dollar markup one day. Now that may sound like a pipe dream today, but by the same token, once before, I took over, I turned around a company that was 65¢ and went over \$10 a year. Actually, it went over \$13 a So, actually, that went up 20 times. So do not think that I cannot do the same thing with the company that we have now. Since the underlying assets of our company are much more valuable now. They were before.

Noella Alexander-Young: Thank you for the clarity on that, Ted. The next question is, what is the accurate share count slash market cap of the company presently?

Ted William Karkus: Sure. So, you have to go by the reported numbers. It is I believe there are \$4,046,100,000.0 shares outstanding that is reported do not know what the stock price is today. So at 25 to 30¢, know, we are we are talking about around a \$12 million market cap.

Noella Alexander-Young: Thank you, Ted. Next, a viewer is asking, the share price keeps slipping despite shareholders' patience. When will management take decisive action to protect and grow shareholder value? And how do you plan to address the ongoing decline?

Ted William Karkus: So I think I have already answered that question ad nauseam. At look. At the end the day, do not control the stock price. You know, it I I think shorts are having fun with it right now. I think it is silly. Any any portfolio manager out there, likes to invest in penny stocks, I do not see how they do not buy the stock right now. And having said that, the bottom line is you just have to be patient until cash flow starts coming in from Crown, Medical Initiative, or partner on our b smart esophageal cancer test, or we do a strategic initiative an m and a type transaction, whether that is a reverse merger or similar. That brings out the value in our company. Any of those things would drive our stock price significantly higher, in my opinion.

Noella Alexander-Young: Thank you for that response. Next question. When will the company stop mentioning the possibility of collecting \$25 million in accounts receivables?

Ted William Karkus: I think that is a question out of frustration We did not anticipate it would take that long to bankrupt the lab sub and get going. But now we have done it. We crossed that hurdle. So however long it took it took But now we are in expedited litigation going forward. Crown is skipping pleadings. They are going right to meet and confer. They already have hundreds of insurance companies lined up. They are going right into meet and confers right now. And now all of a sudden, it is like a hockey stick. Going to start seeing some settlements. In a couple of months. Do not know the exact time frame, and then it is going to go like a hockey stick, I believe. It is just going to ramp up. We

are going to have significant cash flow. We are going to be a different company once that happens. You want to wait for that to happen? You can wait for that to happen. Maybe the stock is you know, double or triple where it is now. You know, once you see the visibility of that happening. I mean, what where are we going on downside here? You know? It is kinda silly. Hope that answered your question. Thank you for that response, Ted.

Noella Alexander-Young: Next question. Given the need for capital to fund BSmart, is it realistic to use a go it alone strategy with regards to BSmart? Does it make sense to consider partnering the asset?

Ted William Karkus: That is a good question. So my thought is as some cash flow comes in from Crown, I do not ever want to be in this financial position again. It is not fun. Honestly, it has been the worst year of my life. In terms of managing a company. With the financial pressure I have been under. With the pressure the stock price has been under, So I have no intention of ever being in that type of situation again. I am not going to spend a lot of money developing our esophageal cancer test. The idea is to kick it off the ground, do sort of a grassroots told you we have we have some world class scientists and commercialization experts that we are working with. We are going to get more key opinion leaders involved. We are going to get networks to sign up. Like, if we find one decent sized physician network, we will get them taking you know, using our test. With the great results they are going to get. It then will spread like a hockey stick. As it spreads like a hockey stick, then the goal would be the joint venture. I look. I might be able to joint venture now. I do not know what they pay us. They might give us 25 or 50 million of cash. Plus a royalty. Would not be so bad. By the same token, they might give us a couple \$100 million and a bigger royalty if I wait twelve months. So, you know, we will we will see. But there is interest now. Think that the interest is going to as we start penetrating the market even a little bit, all these other cancer testing companies that that have an esophageal cancer test, or a developing one are going to be very nervous. In fact, to be honest with you, I already know they are getting nervous because the day we published in the journal, that very day, one of them contacted us and said, hey. Let's talk. So we will we will see we will we will see where it all goes. No guarantees that I am going to do anything short term. I do not think it is necessary. But by the same token, I am not going to break the bank and spend a lot of money to develop this right now. It is just not necessary.

Noella Alexander-Young: Thank you for that response, Ted. Next question. Do you anticipate that the recent weakness in virtual currencies provides an opportunity to the company's strategic initiatives given you have not yet purchased a significant amount of virtual currencies?

Ted William Karkus: Yeah. So, obviously, you are talking about, the cryptocurrencies. But if we are not going to do a deal see, we were talking we have been talking to crypto asset managers where we would do sort of well, I do not want to go into details on it. If we do not do a deal like that, but instead we were just going to invest long term a crypto treasury strategy we have to wait until the Crown Medical collections come in, and I would want to pay off debt first. Get the company financially sound. And then if with excess capital, maybe put together a a long term strategy. But there is a lot to go before we would there is a lot to be done before we would go it alone. With that type of strategy. But for now, is it possible? Yes. It is always possible. Right now, also, the markets are not excited. If you are not the number one leader in a particular crypto, then struggling. So for instance you know? And even the ones that are the leaders are struggling from the point of view, you know, that when the crypto goes down in price, you know, the stock price is going down. In terms of a multiple to net asset value, if you go back at the beginning of the year, you know, they were trading at two or three times net asset value. Now they are trading at net net asset value. And if you are not one of the leaders who are often trading at a discount to net asset value. So, again, I pay attention to that. I am I am not going to do a deal for the sake of doing a deal. There is no reason. Have so much underlying value in our company. We have so much potential. That we can also go it alone. So or we can do a different type of deal that is not a crypto related deal. What I was trying to explain in my press release. It is not that we might not do a crypto related deal. That is not that is not our number one focus right now. We have better opportunities out there, we believe. Does not mean that that cannot change in the future. We believe we have better opportunities right now.

Noella Alexander-Young: Thank you for clarifying that, Ted. Your next question is, any update with respect to linebacker there any potential value or future updates with regards to the line to linebacker

expected?

Ted William Karkus: Wow. That is an interesting question. That we have not been doing much with linebacker. I am not looking to break the bank on something that is so early stage. That in very early studies, has potential that was exciting to me. But that is very different from something that is a late stage ready to be commercialized. It is it is so want to say more about that. I am surprised somebody even asked that question. Let let's just leave it at that on on that topic for now.

Noella Alexander-Young: Thank you for the response on the last head. Your next question is, has there been any insider stock purchases this year?

Ted William Karkus: Have there been insider I do not know. That that would probably have to be you know, filed obviously and by insiders The one person that is really an insider is me. And, you know, the directors and quite frankly, I deferred a lot of my compensation It it did not put me in a great financial position to also be buying stock. And in fact, I loaned the money loan money to the company. So I I that was my way of supporting the company. And as far as the directors are concerned, we are the same thing. They are actually rather than taking cash compensation, they primarily and I do not want to speak out of turn around and know the exact number. They they took a lot of stock compensation or stock option compensation in lieu of some of their cash compensation. I I think that is putting their best foot forward and also showing support for the company and belief in the company.

Noella Alexander-Young: Thank you, Ted, for that response. Your next question is, how many DNA test kits have been have you processed so far in 2025?

Ted William Karkus: Oh, I do not know the number off the top of my head. I am not going to look that up now. But what I will tell you is since we have been on a tight budget, without us virtually doing any advertising at all, we have such a strong SEO presence that is called search engine optimization. It is you know, we have been in the business eight years. We did this the right way. We did a lot of great marketing. But we are frankly, right now, we are at a very tight budget, and I do not want to dilute shareholders unnecessarily to grow a business. So I am sort of laying low, until we get more capital in, but with virtually no advertising. We are still selling the product. We are selling the product in the beauty is it is, at a pro form a base, it is actually profitable now. We have restructured it that much, and we made it that clean. It is great business. For us to grow as soon as we get a little excess cap. I want excess capital to really grow that business. So, like, in a few months, I think we are really going to start growing the business in a nice way. Way.

Noella Alexander-Young: You, Ted, for shedding some light on that. And I think we have time for one more question here. So the question is, do you think is the disconnect between the market's valuation of the company and the underlying assets? You have referenced the value of the underlying assets and the disconnect What do you think specifically is the main cause of this disconnect?

Ted William Karkus: That is an excellent I was going to say I hope it is a good question. That is an excellent question. That is not in a snowball question either, but it is a really good one. I believe the disconnect is because we are tight on cash. And so every time I go, to potential investors, quite frankly, there are a lot of sleazy people in the investment world, and it is really disappointing. If I talk to three and potential investors, one of them is going to short the stock and then make me an offer a week later. You know, everybody knows that we are tight on cash. We have been tight on cash all year. That all changes and we are frankly we are a develop so we are development stage company tight on cash. It makes us an easy short target, especially if we go to investors and some of them want to fool around with the stock price. That will change as soon as the crowd medical starts flowing. That plus our stock price has been under a dollar. So so the stock's just been under pressure. But you got to understand, are you a trader? Or are you investor? If you are an investor, look at the underlying value. Even if there was a little more dilution, so what? Our market cap is so low. That once the Crown Medical starts to flow in, or even without the Crown Medical, If I do a deal for our b smart esophageal cancer dose, we will a block of cash up front. I will I will probably start buying back stock immediately. Our stock would explode on that if I do a deal like that. And separately, I am working on a potential deal right now. Again, it is it is preliminary. Do not want to talk about it more. But I the that disconnect will start to go away. Fact that there is a disconnect creates an opportunity for potential m and a strategist and bankers recognize that underlying value in that disconnect. So it actually creates an opportunity. And because it creates an opportunity, that is why we are getting inquiries. Both not only to me, but the

scientists at be smart and esophageal cancer test, etcetera.

Noella Alexander-Young: Excellent. Thank you very much, Ted, for all of your responses today. That concludes the Q&A session. Before we go, I will turn back the floor to Ted for final remarks.

Ted William Karkus: Noel, thanks so much. Again, thank you, Renoir, hosting. Thank you to the shareholders. I know he said it six times today. I feel like a politician today. If you are a shareholder in the company, if you are an investor in the company and you do not quote the shares, then do not complain to me. If we have an issue because you did not vote your shares. So vote vote your shares. Alright? So that we have the flexibility to do what we need to do if we need to do it. It is not just the flexibility. For a reverse stock split. It is also based on potential deals we are working on The bankers are going to want to see that there is not a risk that we are always going to be Nasdaq compliant. It is possible we do a big deal. And the stock price will go over a dollar anyway. But whatever I am working on, we need you to vote the proxy in order to pass. We would not have put the proxy out there if we did not need to. There is no guarantee we are going to. We are not going to do a reverse stock split. But even if we do, they are quite frankly I think there is a good probability that our stock price goes up. After we do the reverse. Does not necessarily have to go down. And it is not a bad thing. Guarantees knock on wood, they remain Nasdaq compliant. Being Nasdaq compliant is a value to the company. Look. If we got delisted, it is not going to change the value of the company. It is not going to change the value of what we are doing. And then when we go back above a buck, we do a deal. We will go back on Nasdaq again. But why go through all that? And at the same time, I am I am working on some deals that you know, some things that could be very, very exciting for the company. Where all the shareholders make a lot of money. So it is silly not to vote. I cannot stress that strongly enough. That, I appreciate everybody joining the call and listening to me today. Everything I say is from the heart. It is from living and breathing our company twenty four seven. I am a fighter I did this once before. You know, a dozen years ago. With the very same company when I inherited it. I say inherited, I did this I won a proxy contest, two years of litigation. So it was, you know, a serious fight. To win control of the company and find out I was in control of the company that was virtually going bankrupt, turned it around, You know, it took a number of years. So I have done it before. I can do it again. I am going to do it again. And we are in a similar position, but, again, the assets in the company are multiples of what they were the last time I did it. So I am going to do this. And if you guys are patient with me, I think that I can I and our company and not just me, it is Jason, He built the COVID testing business into a multi \$100 million business? He is now cleaned up the Nebula Genomics business. And you know, we have these great businesses. And so I am just looking forward to the future. Do not have more to say than that. Everybody have a great day. Thanks for all your questions. Thanks for listening to the hour. Noel

Noella Alexander-Young: Sorry. I cut you off there, Ted. Alrighty. Well, thank you everyone for joining us today for the ProPhase Labs, Inc. third quarter 2025 results. ProPhase Labs, Inc. is trading on the Nasdaq under the ticker symbol PRPH. The playback wave will be available on our website twenty four to forty eight hours after this presentation under the VNDR Loughby tab. Tuned for the next quarterly call, and see you next time.