

ProPhase Labs Reports Financial Results for the Three Months and Nine Months Ended September 30, 2019

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Press Release

DOYLESTOWN, Pennsylvania, November 12, 2019 – ProPhase Labs, Inc. (NASDAQ: PRPH, www.ProPhaseLabs.com) today reported net sales of \$2.8 million for the three months ended September 30, 2019 compared to net sales of \$2.4 million for the three months ended September 30, 2018.

The Company incurred a net loss for the three months ended September 30, 2019 of \$428,000, or (\$0.04) per share, compared to a net loss of \$1.1 million, or (\$0.09) per share, for the three months ended September 30, 2018.

Results for the third quarter of 2019 compared to the third quarter of 2018 principally reflect the net effect of (i) an increase in net sales of \$327,000 due to an increase in shipments and (ii) a decrease in total operating costs of \$373,000.

The Company generated net sales for the nine months ended September 30, 2019 of \$6.7 million, a decrease of \$2.3 million, or 25.4%, as compared to net sales of \$9.0 million for the nine months ended September 30, 2018.

The Company incurred a net loss for the nine months ended September 30, 2019 of \$2.7 million, or (\$0.23) per share, compared to a net loss of \$1.3 million, or (\$0.11) per share, for the nine months ended September 30, 2018.

Results for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 principally reflect the net effect of (i) a decrease in net sales of \$2.3 million and (ii) an increase in sales and marketing costs of \$108,000, offset by a decrease in administrative costs of \$315,000 principally due to a decrease in legal and professional costs.

Mr. Karkus stated, "We have revised the operations of our ProPhase Digital Media business which has in turn resulted in a decrease in overhead and expenses of that business line. At the same time, we remain focused on efforts to grow the revenues at our Pharmaoz Manufacturing division. Accordingly, our year-over-year third quarter results reflect the company's progress in deploying these strategies."

Mr. Karkus added, "We have also made progress in the distribution of our flagship dietary supplement, Legendz XL, in retail stores. To follow on to our progress in distributing this product line, we anticipate initiating limited TV advertising within the next few months. The successful implementation of our dietary supplement strategy may require significant investments in marketing as well as obtaining significant additional distribution within the various retail channels and e-commerce venues in order to achieve a successful launch and build a successful new product line. Our strategy for Legendz XL tracks the strategy we successfully executed to revive and expand our prior Cold-EEZE[®] brand."

Mr. Karkus concluded, "The Company continues to explore a wide range of acquisition opportunities in the consumer products space, as well as investments and acquisitions in other sectors and industries."

About the Company

We are a vertically integrated and diversified branding, marketing and technology company with deep experience with over-the-counter ("OTC") consumer healthcare products, dietary supplements and other remedies. We are engaged in the research, development, manufacture, distribution, marketing and sale of OTC consumer healthcare products, dietary supplements and other remedies in the United States. This includes the development and marketing of dietary supplements under the TK Supplements[®] brand.

In addition, the Company also continues to actively pursue acquisition opportunities for other companies, technologies and products inside and outside the consumer products industry. For more information visit us at 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 relating to our plans to expand our production capacity and capabilities at Pharmaoz, the implementation of our dietary supplement strategy, and potential acquisition opportunities. 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: the difficulty of predicting the acceptance and demand for our products, the impact of competitive products and pricing, costs involved in the manufacture and marketing of products, the timely development and launch of new products, and the risk factors listed from time to time in our Annual Report on Form

10-K, Quarterly Reports on Form 10-Q and any subsequent SEC filings.

Investor Contact

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