

May 14, 2019



## **ProPhase Labs Reports Financial Results for the Three Months Ended March 31, 2019**

DOYLESTOWN, Pa., May 14, 2019 (GLOBE NEWSWIRE) -- ProPhase Labs, Inc. (NASDAQ: PRPH, [www.ProPhaseLabs.com](http://www.ProPhaseLabs.com)) today reported net sales of \$2.3 million for the three months ended March 31, 2019, compared to net sales of \$3.4 million for the three months ended March 31, 2018.

The Company incurred a net loss for the three months ended March 31, 2019, of \$1.0 million, or (\$0.09) per share, compared to a net income of \$43,000 or \$0.00 per share, for the three months ended March 31, 2018.

Results for the first quarter of 2019 compared to the first quarter of 2018 principally reflect the net effect of (i) a decrease in net sales of \$1.1 million due to a decrease in shipments, (ii) an aggregate increase in sales and marketing and research and development costs of \$101,000, offset by (iii) a decrease in administrative costs of \$15,000.

Mr. Karkus stated, "We are on track with the development of ProPhase Digital Media ("PDM"), the digital marketing division of the Company. We recently completed the optimization phase for digital distribution of our lead product, Legendz XL<sup>®</sup>. We expect to ramp up direct to consumer sales of Legendz XL during 2019. If our model proves successful, our goal is for PDM to market our other internally developed products and ultimately market other companies' products as well."

Mr. Karkus added, "In addition to digital distribution, we continue to ship our new dietary supplement, Legendz XL<sup>®</sup>, to a major retail drug chain and other retailers. We currently have positive indications of interest from other major retailers as well. Implementation of our dietary supplement strategy will require significant investment in marketing as well as 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."

Mr. Karkus also noted, "We continue to own and operate our Pharmaloz manufacturing facility which manufactures and supplies Cold-EEZE<sup>®</sup> lozenges to Mylan as well as lozenges to other companies on a contract manufacturing basis. Manufacturing revenue fluctuates from quarter to quarter. Also, marketing and distribution expenses may increase as we build our consumer products businesses. Therefore, the Company's results are likely to continue to fluctuate from quarter to quarter."

Mr. Karkus concluded, "Looking forward, in addition to developing our consumer products businesses and growing our manufacturing business, 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<sup>®</sup> brand, a wholly-owned subsidiary of the Company.

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](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 relating to the launch of our new line of TK Supplements<sup>®</sup>, our plans with respect to the digital distribution of our new product Legendz XL<sup>®</sup> and our goals with respect to future marketing by ProPhase Digital Media. 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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**ProPhase Labs, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**(in thousands, except per share amounts)**  
**(unaudited)**

	<b>For the Three Months ended</b>	
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Net sales	\$ 2,318	\$ 3,407

Cost of sales	1,798	1,982
Gross profit	<u>520</u>	<u>1,425</u>
Operating expenses:		
Sales and marketing	266	172
Administration	1,204	1,219
Research and development	94	87
Total operating expenses	<u>1,564</u>	<u>1,478</u>
Loss from operations	<u>(1,044 )</u>	<u>(53 )</u>
Interest income, net	31	96
<b>Net income (loss)</b>	<b><u>\$ (1,013 )</u></b>	<b><u>\$ 43</u></b>
Other comprehensive income (loss):		
Unrealized gain (loss) on marketable debt securities	15	(43 )
Total comprehensive loss	<u>\$ (998 )</u>	<u>\$ -</u>
Basic earnings (loss) per share	<u>\$ (0.09 )</u>	<u>\$ -</u>
Diluted earnings (loss) per share	<u>\$ (0.09 )</u>	<u>\$ -</u>
Weighted average common shares outstanding:		
Basic	<u>11,557</u>	<u>11,130</u>
Diluted	<u>11,557</u>	<u>11,413</u>

**ProPhase Labs, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheet Data**  
(in thousands)  
(unaudited)

	March 31, 2019	December 31, 2018
	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 2,450	\$ 1,554
Marketable debt securities, available for sale	\$ 4,229	\$ 6,687
Accounts receivable, net	\$ 788	\$ 2,968
Inventory	\$ 1,611	\$ 1,903
Total current assets	\$ 14,126	\$ 18,238
Total assets	\$ 16,572	\$ 20,737
Total current liabilities	\$ 870	\$ 4,233
Total stockholders' equity	\$ 15,702	\$ 16,504



Source: ProPhase Labs, Inc.