
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 12, 2019

PROPHASE LABS, INC.

(Exact name of Company as specified in its charter)

Delaware
(State or other
jurisdiction of incorporation)

0-21617
(Commission
File Number)

23-2577138
(I.R.S. Employer
Identification No.)

621 N. Shady Retreat Road
Doylestown, PA
(Address of principal executive offices)

18901
(Zip Code)

Company's telephone number, including area code: **(215) 345-0919**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.0005	PRPH	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 12, 2019, ProPhase Labs, Inc. (the “Company”) issued a press release announcing its financial results for the three months and nine months ended September 30, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Item 2.02 and Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
99.1	Press Release dated November 12, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ProPhase Labs, Inc.

By: /s/ Monica Brady
Monica Brady
Chief Financial Officer

Date: November 12, 2019



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

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 Pharnaloz 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 Pharmed, 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

Ted Karkus, Chairman and CEO
ProPhase Labs, Inc.
(267) 880-1111

ProPhase Labs, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net sales	\$ 2,766	\$ 2,439	\$ 6,735	\$ 9,033
Cost of sales	1,932	1,683	5,120	5,593
Gross profit	<u>834</u>	<u>756</u>	<u>1,615</u>	<u>3,440</u>
Operating expenses:				
Sales and marketing	302	395	910	802
Administration	936	1,129	3,232	3,547
Research and development	57	144	246	319
Total operating expenses	<u>1,295</u>	<u>1,668</u>	<u>4,388</u>	<u>4,668</u>
Loss from operations	<u>(461)</u>	<u>(912)</u>	<u>(2,773)</u>	<u>(1,228)</u>
Interest income, net	33	15	94	115
Loss from continuing operations	<u>(428)</u>	<u>(897)</u>	<u>(2,679)</u>	<u>(1,113)</u>
Discontinued operations:				
Loss on sale of discontinued operations, net of taxes	-	(160)	-	(160)
Loss from discontinued operations	-	(160)	-	(160)
Net (loss)	<u>\$ (428)</u>	<u>\$ (1,057)</u>	<u>\$ (2,679)</u>	<u>\$ (1,273)</u>
Other comprehensive loss:				
Unrealized gain (loss) on marketable debt securities	(5)	28	18	54
Total comprehensive loss	<u>\$ (433)</u>	<u>\$ (1,029)</u>	<u>\$ (2,661)</u>	<u>\$ (1,219)</u>
Basic loss per share:				
Loss from continuing operations	\$ (0.04)	\$ (0.08)	\$ (0.23)	\$ (0.10)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.09)</u>	<u>\$ (0.23)</u>	<u>\$ (0.11)</u>
Diluted loss per share:				
Loss from continuing operations	\$ (0.04)	\$ (0.08)	\$ (0.23)	\$ (0.10)
Loss from discontinued operations	-	(0.01)	-	(0.01)
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.09)</u>	<u>\$ (0.23)</u>	<u>\$ (0.11)</u>
Weighted average common shares outstanding:				
Basic and diluted	<u>11,565</u>	<u>11,541</u>	<u>11,561</u>	<u>11,344</u>

ProPhase Labs, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	September 30,	December 31,
	2019	2018
Cash and cash equivalents	\$ 968	\$ 1,554
Marketable debt securities, available for sale	\$ 3,760	\$ 6,687
Accounts receivable, net	\$ 1,483	\$ 4,830
Inventory, net	\$ 1,886	\$ 1,903
Total current assets	\$ 13,219	\$ 18,238
Total assets	\$ 15,601	\$ 20,737
Total current liabilities	\$ 1,073	\$ 4,233
Total non-current liabilities	\$ 129	\$ -
Total stockholders' equity	\$ 14,399	\$ 16,504
