

Emerging growth company []

Item 2.02 Results of Operations and Financial Condition.

On May 12, 2020, ProPhase Labs, Inc. (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2020. 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 May 12, 2020

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: May 13, 2020



**ProPhase Labs Reports Financial Results
for the Three Months Ended March 31, 2020**

DOYLESTOWN, Pennsylvania, May 12, 2020 – ProPhase Labs, Inc. (NASDAQ: PRPH, www.ProPhaseLabs.com) today announced net sales of \$1.9 million for the three months ended March 31, 2020, compared to net sales of \$2.3 million for the three months ended March 31, 2019.

The Company incurred a net loss for the three months ended March 31, 2020 of \$809,000, or (\$0.07) per share, compared to a net loss of \$1.0 million or (\$0.09) per share, for the three months ended March 31, 2019.

The financial results for the first quarter of 2020 compared to the first quarter of 2019 principally reflect the net effect of a decrease in net sales of \$430,000 due to a decrease in demand of third party customer orders, offset by (i) a decrease in administrative costs of \$206,000 due principally to a decrease in professional fees, (ii) a decrease in sales and marketing expenses of \$96,000 as a consequence of a reduction in marketing initiatives and (iii) a decrease in research and development expenditures of \$35,000.

In addition on May 4, 2020, the Company resolved the final pending claim against the Company's escrow account with Mylan and as a result the remaining funds, totaling \$4.8 million, were released from the escrow account to the Company on May 7, 2020.

About the Company

We are a manufacturing and marketing company with deep experience with OTC consumer healthcare products and dietary supplements. We are engaged in the research, development, manufacture, distribution, marketing and sale of OTC consumer healthcare products and dietary supplements 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.

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	
	March 31, 2020	March 31, 2019
Net sales	\$ 1,888	\$ 2,318
Cost of sales	\$ 1,473	\$ 1,798
Gross profit	<u>415</u>	<u>520</u>
Operating expenses:		
Sales and marketing	170	266
Administration	998	1,204
Research and development	59	94
Total operating expenses	<u>1,227</u>	<u>1,564</u>
Loss from operations	<u>(812)</u>	<u>(1,044)</u>
Interest income, net	3	31
Net loss	<u>\$ (809)</u>	<u>\$ (1,013)</u>
Other comprehensive income:		
Unrealized gain on marketable debt securities	11	15
Total comprehensive loss	<u>\$ (798)</u>	<u>\$ (998)</u>
Basic and diluted loss per share:	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>
Weighted average common shares outstanding:		
Basic and diluted	<u>11,582</u>	<u>11,557</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
		(audited)
Cash and cash equivalents	\$ 697	\$ 434
Marketable debt securities, available for sale	\$ 840	\$ 926
Accounts receivable, net	\$ 1,213	\$ 2,010
Inventory	\$ 1,703	\$ 1,459
Total current assets	\$ 9,505	\$ 9,945
Total assets	\$ 11,868	\$ 12,274
Total current liabilities	\$ 1,125	\$ 933
Total non-current liabilities	\$ 112	\$ 110
Total stockholders' equity	\$ 10,631	\$ 11,231
