

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): August 11, 2020

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 August 11, 2020, ProPhase Labs, Inc. (the “Company”) issued a press release announcing its financial results for the three months and six months ended June 30, 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 August 11, 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: August 11, 2020



**ProPhase Labs Reports Financial Results
for the Three and Six Months Ended June 30, 2020**

DOYLESTOWN, Pennsylvania, August 11, 2020 – ProPhase Labs, Inc. (NASDAQ: PRPH, www.ProPhaseLabs.com) today announced net sales of \$3.6 million for the three months ended June 30, 2020, compared to net sales of \$1.7 million for the three months ended June 30, 2019. The Company recognized net income for the three months ended June 30, 2020 of \$70,000, or \$0.01 per share, compared to a net loss of \$1.2 million, or (\$0.11) per share, for the three months ended June 30, 2019.

Results for the second quarter of 2020 compared to the second quarter of 2019 principally reflect the net effect of (i) an increase in net sales of \$1.9 million due to an increase in third party customer orders, (ii) a decrease in administrative costs of \$62,000 due principally to a decrease in professional fees, (iii) a decrease in sales and marketing expenses of \$217,000 resulting from a reduction in marketing initiatives and (iv) a decrease in research and development expenditures of \$30,000.

The Company generated net sales for the six months ended June 30, 2020 of \$5.5 million, as compared to \$4.0 million for the six months ended June 30, 2019. The Company incurred a net loss for the six months ended June 30, 2020 of \$0.7 million, or (0.06) per share, as compared to a net loss of 2.3 million, or (0.19) per share, for the six months ended June 30, 2019.

Results for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 principally reflect the net effect of (i) an increase in net sales of \$1.5 million due to an increase in third party customer orders, (ii) a decrease in administrative costs of \$268,000 due principally to a decrease in professional fees, (iii) a decrease in sales and marketing expenses of \$313,000 resulting from a reduction in marketing initiatives and (iv) a decrease in research and development expenditures of \$65,000.

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		For the Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30 2019
Net sales	\$ 3,623	\$ 1,651	\$ 5,511	\$ 3,969
Cost of sales	2,344	1,390	3,817	3,188
Gross profit	<u>1,279</u>	<u>261</u>	<u>1,694</u>	<u>781</u>
Operating expenses:				
Sales and marketing	125	342	295	608
Administration	1,030	1,092	2,028	2,296
Research and development	65	95	124	189
Total operating expenses	<u>1,220</u>	<u>1,529</u>	<u>2,447</u>	<u>3,093</u>
Income (loss) from operations	<u>59</u>	<u>(1,268)</u>	<u>(753)</u>	<u>(2,312)</u>
Interest income, net	11	30	14	61
Net income (loss)	<u>\$ 70</u>	<u>\$ (1,238)</u>	<u>\$ (739)</u>	<u>\$ (2,251)</u>
Other comprehensive income:				
Unrealized gain (loss) on marketable debt securities	(5)	8	6	23
Total comprehensive income (loss)	<u>\$ 65</u>	<u>\$ (1,230)</u>	<u>\$ (733)</u>	<u>\$ (2,228)</u>
Basic earnings (loss) per share:	<u>\$ 0.01</u>	<u>\$ (0.11)</u>	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>
Diluted earnings (loss) per share:	<u>\$ 0.01</u>	<u>\$ (0.11)</u>	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>
Weighted average common shares outstanding:				
Basic	<u>11,592</u>	<u>11,560</u>	<u>11,587</u>	<u>11,558</u>
Diluted	<u>11,618</u>	<u>11,560</u>	<u>11,587</u>	<u>11,558</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u> (audited)
Cash and cash equivalents	\$ 2,537	\$ 434
Marketable debt securities, available for sale	\$ 3,339	\$ 926
Accounts receivable, net	\$ 1,930	\$ 2,010
Inventory	\$ 2,047	\$ 1,459
Total current assets	\$ 10,242	\$ 9,945
Total assets	\$ 12,375	\$ 12,274
Total current liabilities	\$ 1,395	\$ 933
Total non-current liabilities	\$ 86	\$ 110
Total stockholders' equity	\$ 10,894	\$ 11,231
