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Tofutti Announces Third Quarter And Nine Month Results

CRANFORD, N.J., Nov. 12, 2013 /PRNewswire/ -- TOFUTTI BRANDS INC. (NYSE MKT Symbol: TOF) today announced its results for the thirteen and thirty-nine week periods ended September 28, 2013.

Tofutti Brands reported net sales for the thirteen weeks ended September 28, 2013 of \$3,442,000, a decrease of \$56,000, or 2%, compared to net sales of \$3,498,000 for the thirteen weeks ended September 28, 2012. Net sales for the thirty-nine week period ended September 28, 2013 were \$11,143,000, an increase of \$657,000, or 6%, compared to net sales of \$10,486,000 for the thirty-nine week period ended September 28, 2012. The decrease in sales in the 2013 thirteen week period was a result of decreased sales of frozen desserts combined with a smaller than anticipated increase in non-dairy cheese product sales. Increased sales in thirty-nine week 2013 period were primarily a result of increased sales of our non-dairy cheese products. Frozen dessert sales in both 2013 periods continue to be negatively impacted by the overall industry decline in sales of all frozen dessert categories.

The company's gross profit and gross profit percentage for the thirteen week period ending September 28, 2013 were approximately \$1,037,000 and 30%, respectively, compared to \$882,000 and 25%, respectively, for the period ending September 28, 2012. The increase in gross profit was due to the increase in sales, while the increase in gross profit percentage was due to the positive effect of price increases put into effect in the second quarter coupled with the elimination of certain promotional allowance programs that were in effect in the 2012 period. The company's gross profit and gross profit percentage for the thirty-nine week period ending September 28, 2013 were \$3,530,000 and 32%, respectively, compared to \$2,828,000 and 27%, respectively, for the period ending September 28, 2012.

For the thirteen week period ended September 28, 2013, the company reported a loss before income taxes of \$108,000 with income tax expense \$41,000 compared to a loss before income taxes of \$279,000 with an income tax benefit of \$62,000 for the thirteen week period ended September 28, 2012. As a result, the company recorded a net loss of \$149,000, or \$0.03 per share, for the thirteen weeks ended September 28, 2013 compared to a net loss of \$217,000, or \$0.04 per share, for the thirteen weeks ended September 28, 2012.

The company reported a loss of \$190,000 before an income tax expense of \$46,000 for the thirty-nine week period ended September 28, 2013 compared to a loss of \$785,000 before an income tax benefit of \$259,000 for the thirty-nine week period ended September 28, 2012. The company's net loss for the thirty-nine weeks ended September 28, 2013 was \$236,000, or \$0.05 per share, compared to a net loss of \$526,000, or \$0.10 per share, for the thirty-nine weeks ended September 28, 2012.

As of September 28, 2013, the company's working capital was approximately \$3.4 million, with approximately \$0.3 million in cash and cash equivalents, compared with working capital of \$3.6 million and approximately \$0.47 million in cash and cash equivalents at December 29, 2012. The decrease in cash and cash equivalents is attributable to \$174,000 used in operating activities.

Mr. David Mintz, Chairman and Chief Executive Officer of the company stated, "Our results for the first nine months of 2013 continue to reflect the impact of the overall industry decline in sales of all frozen dessert categories. We are pleased by the improvement in our gross profit percentage in the third quarter, which reflects the positive effect of price increases put into effect in the second quarter coupled with the elimination of certain promotional allowance programs that were in effect in the 2012 period. We are optimistic about the introduction of our new dairy-free mozzarella cheese pizzas."

About Tofutti Brands Inc.

Founded in 1981, Tofutti Brands Inc. develops and distributes a complete line of dairy-free products. The Company sells more than 80 milk-free foods including frozen desserts, cheese products and prepared frozen dishes throughout the United States and in more than 30 countries. Tofutti Brands Inc. is a proven innovator in the food industry and has developed a full line of delicious and healthy dairy-free foods. Available throughout the United States and in more than 30 countries, Tofutti Brands answers the call of millions of people who are allergic or intolerant to dairy, diabetic, kosher or vegan, as well as those who wish to have a healthier low-fat diet. Tofutti's product line includes dairy-free ice cream pints, Tofutti Cutie(R) sandwiches and novelty bars. Tofutti also has a growing array of prepared foods including Pizza Pizzaz(R), Mintz's Blintzes(R), and a Cheese Ravioli line, all made with Tofutti's milk-free cheeses such as Better Than Cream Cheese(R), Sour Supreme(R) and Veggie Cheese Slices. For more information, visit www.tofutti.com.

Forward-Looking Statements

Some of the statements in this press release concerning the Company's future prospects are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Actual results may vary significantly based upon a number of factors including, but not limited to business conditions both domestic and international, competition, changes in product mix or distribution channels, resource constraints encountered in promoting and developing new products and other risk factors detailed in the Company's filings with the Securities and Exchange Commission, including its annual report on Form 10-K.

TOFUTTI BRANDS INC.
Condensed Statements of Operations
(in thousands, except per share figures)

| | Thirteen weeks | Thirteen weeks | Thirty-nine | Thirty-nine |
|--|----------------|----------------|-------------|-------------|
|--|----------------|----------------|-------------|-------------|

| | ended September 28, 2013 | ended September 29, 2012 | weeks ended September 28, 2013 | weeks ended September 29, 2012 |
|---|--------------------------------|--------------------------------|--------------------------------------|--------------------------------------|
| Net sales | \$3,442 | \$3,498 | \$11,143 | \$10,486 |
| Cost of sales | 2,405 | 2,616 | 7,613 | 7,658 |
| Gross profit | 1,037 | 882 | 3,530 | 2,828 |
| Operating expenses | 1,145 | 1,161 | 3,720 | 3,613 |
| Loss before income taxes | (108) | (279) | (190) | (785) |
| Income tax (benefit) expense | 41 | (62) | 46 | (259) |
| Net loss | \$(149) | \$(217) | \$(236) | \$(526) |
| Weighted average common shares outstanding: | | | | |
| Basic and diluted | 5,154 | 5,154 | 5,154 | 5,154 |
| Net loss per common share: | | | | |
| Basic and diluted | \$(0.03) | \$(0.04) | \$(0.05) | \$(0.10) |

TOFUTTI BRANDS INC.
Condensed Balance Sheets
(in thousands, except share figures)

| | September 28, 2013 | December 29, 2012* |
|--|--------------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$297 | \$471 |
| Accounts receivable, net of allowance for doubtful accounts and sales promotions of \$323 and \$303 respectively | 2,230 | 1,880 |
| Inventories, net of reserve of \$100 and \$100, respectively | 1,912 | 1,750 |
| Prepaid expenses | 142 | 77 |
| Deferred costs | 304 | 165 |
| Refundable income taxes | -- | 331 |
| Total current assets | 4,885 | 4,674 |
| Other assets | 16 | 16 |
| | \$4,901 | \$4,690 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$844 | \$446 |
| Accrued expenses | 332 | 436 |
| Deferred revenue | 336 | 183 |

| | | |
|---------------------------|-------|-------|
| Total current liabilities | 1,512 | 1,065 |
|---------------------------|-------|-------|

Stockholders' equity:

| | | |
|--|-------|-------|
| Preferred stock - par value \$.01 per share; authorized 100,000 shares, none issued | -- | -- |
| Common stock - par value \$.01 per share; authorized 15,000,000 shares, issued and outstanding 5,153,706 shares at September 28, 2013, and 5,153,706 shares at December 29, 2012 | 52 | 52 |
| Additional paid-in capital | -- | -- |
| Retained earnings | 3,337 | 3,573 |

| | | |
|--|---------|---------|
| Total stockholders' equity | 3,389 | 3,625 |
| Total liabilities and stockholders' equity | \$4,901 | \$4,690 |

* Derived from audited financial information.

SOURCE Tofutti Brands Inc.

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