

**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): May 9, 2022

**PROPHASE LABS, INC.**

(Exact name of Company as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-21617**  
(Commission  
File Number)

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

**711 Stewart Avenue, Suite 200**  
Garden City, New York  
(Address of principal executive offices)

**11530**  
(Zip Code)

Registrant'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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 9, 2022, ProPhase Labs, Inc. (the "Company") announced that it will appoint Bill White, age 61, as Chief Financial Officer of the Company, effective May 23, 2022 (the "Effective Date"), replacing Monica Brady, who is currently serving as Chief Financial Officer of the Company. Ms. Brady will remain with the Company and continue to serve as the Company's Chief Accounting Officer, and Chief Financial Officer of the Company's wholly-owned subsidiary, ProPhase Diagnostics, Inc., as of the Effective Date.

Mr. White has served as Chief Financial Officer, Treasurer and Secretary of Intellicheck, Inc. (Nasdaq: IDN), an identity company that delivers on-demand digital identity validation solutions for KYC, fraud, and age verification needs, since April 2012, and Chief Operating Officer since March 2020. Mr. White has more than 30 years of experience in financial management, operations and business development. Prior to joining Intellicheck, he served 11 years as the Chief Financial Officer, Secretary and Treasurer of FocusMicro, Inc. ("FM"). As co-founder of FM, Mr. White played an integral role in growing the business from the company's inception to over \$36 million in annual revenue in a five-year period. Mr. White has broad domestic and international experience including managing rapid and significant growth, import/export, implementing tough cost management initiatives, exploiting new growth opportunities, merger and acquisitions, strategic planning, resource allocation, tax compliance and organization development. Prior to co-founding FM, he served 15 years in various financial leadership positions in the government sector. Mr. White started his career in Public Accounting.

In connection with his appointment as Chief Financial Officer, the Company entered into an employment agreement with Mr. White on May 9, 2022 (the "Employment Agreement"), which will become effective on the Effective Date, pursuant to which Mr. White will receive an annual base salary of \$350,000 (as may be adjusted from time to time). Mr. White will also be entitled to receive a minimum annual bonus for calendar year 2022 in a gross amount equal to \$50,000.00, provided that he is actively employed by the Company and in good standing, without having received from or tendered to the Company notice of an anticipated termination (for any reason). Future discretionary annual bonuses will be determined in the sole discretion of the compensation committee of the Company's board of directors (the "Compensation Committee"). Mr. White will

also be eligible to participate in any and all benefit plans of the Company that are made generally available to similarly-situated employees of the Company. The Employment Agreement contains customary non-competition, non-solicitation and confidentiality clauses.

As an inducement to his employment as Chief Financial Officer of the Company, the Compensation Committee also granted Mr. White a stock option (the "Option Award") to purchase up to 400,000 shares of the Company's common stock. This award was made in accordance with the employment inducement award exemption provided by Nasdaq Rule 5635(c)(4) and was therefore not awarded under the Company's stockholder approved equity plan. The option award will vest over a four year period, with 12.5% vesting every six months following the date his employment commences, and contingent upon the commencement of his employment and continued service through each vesting date. The options have an exercise price of \$6.74 per share, the closing price of the Company's common stock on May 9, 2022, and will be exercisable for a period of seven years.

Pursuant to the terms of the Employment Agreement, if Mr. White's employment is terminated by the Company without Cause (as defined in the Employment Agreement), other than as a result of his death or disability, Mr. White will, in addition to any entitlements under the Option Award, be entitled to receive: (i) any annual salary then in effect, earned but unpaid as of the termination date ("Earned Salary"), and (ii) subject to the Company's receipt from Mr. White of a release of any claims against the Company, an amount equal to (a) six months of his then current annual salary if his employment is terminated on or prior to the one-year anniversary of the Effective Date or (b) an amount equal to 12 months of his then current salary if his employment is terminated following the one-year anniversary of the Effective Date. If Mr. White's employment is terminated by the Company with Cause, by Mr. White for any reason at any time, as a result of Mr. White's death, or for any reason other than by the Company without Cause, Mr. White will receive only the Earned Salary.

There are no family relationships between Mr. White and any of the officers or directors of the Company, and there are no related party transactions with Mr. White that are reportable under Item 404(a) of Regulation S-K.

#### Item 8.01 Other Events.

On May 10, 2022, the Company issued a press release announcing the appointment of Mr. White as the Company's new Chief Financial Officer. A copy of the press release is being filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

#### Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
10.1	<a href="#">Employment Agreement, dated as of May 9, 2022, by and between ProPhase Labs, Inc. and Bill White</a>
10.2	<a href="#">Inducement Option Award Agreement, dated May 9, 2022, by and between ProPhase Labs, Inc. and Bill White.</a>
99.1	<a href="#">Press Release dated May 10, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 10, 2022

## EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is effective as of May 23, 2022 (the “Effective Date”), and is entered into by and between ProPhase Labs, Inc. (the “Company”), and Bill White (“Employee”) (collectively with the Company, the “Parties”; each of the Parties referred to individually as a “Party”).

**WHEREAS**, the Company desires to employ Employee, in accordance with the terms and conditions set forth below; and

**WHEREAS**, Employee desires to be employed by the Company, in accordance with the terms and conditions set forth below;

**NOW, THEREFORE**, in consideration of the promises and mutual covenants and agreements set forth in this Agreement, the Parties hereby agree as follows:

### 1. **EMPLOYMENT**

- a. **Title.** The Company hereby agrees to employ Employee, and Employee hereby accepts such employment, as Chief Financial Officer of the Company, reporting to the Company’s Chief Executive Officer.
- b. **At Will Relationship.** Employee’s employment with the Company shall commence as of the Effective Date. Employee’s employment shall be considered “at will” in nature and, accordingly, either the Company or Employee may terminate this Agreement and Employee’s employment at any time and for any reason, with or without cause or prior notice. Nothing in this Agreement, including but not limited to Section 3 hereof, shall be construed as, or shall interfere with, abridge, limit, modify, or amend the “at will” nature of Employee’s employment with Company. Except as set forth in Section 3 of this Agreement, upon Employee’s separation from employment with the Company (for any reason), all compensation and benefits payable or provided to Employee shall, except as required by applicable law, terminate as of the effective date of Employee’s termination (the “Termination Date”).
- c. **Duties and Responsibilities.** During Employee’s employment with the Company, Employee shall at all times: (i) comply with the terms and conditions set forth in this Agreement; (ii) perform and carry out such responsibilities, duties, and authorities as the Company may direct, designate, request of, or assign to Employee from time to time, which shall include, but not necessarily be limited to, such responsibilities, duties, and authorities that are typically performed by and assigned to employees in similar positions within similar companies; (iii) perform the duties and carry out the responsibilities assigned to him by the Company to the best of his ability, in a trustworthy, business-like, and efficient manner for the purpose of advancing the business and interests of the Company; (iv) devote sufficient time, attention, effort, and skill to his position with and the business of the Company; (v) comply with and abide by the Company’s policies, practices, and procedures (as may be amended or otherwise modified from time to time by the Company); and (vi) comply with all laws, rules, regulations, and licensing requirements of, or that may be applicable to, his employment with the Company.

In the event that any term(s) of this Agreement conflicts with a term(s) of any employee handbook, policy, practice, or procedure adopted or maintained, at any time, by the Company, the term(s) of this Agreement shall control and supersede such conflicting term(s).

- d. **No Conflicts.** Employee represents and warrants that he is not bound by or subject to any written or oral agreement, pact, covenant, or understanding with any previous employer, or any other party, that would limit, abridge, restrict, or interfere with, in any way, his ability to perform his duties and obligations hereunder. Employee further represents and warrants that the performance of his duties and obligations hereunder shall not violate any written or oral agreement, pact, covenant, or understanding by and between him and any previous employer, or any other party. Employee further represents and warrants that he will not use any trade secret, or confidential or proprietary information, of any of his previous employers, or that was obtained, learned, or procured during any period of employment prior to his employment with the Company, in connection with his employment with the Company or in the performance of his duties and obligations hereunder.

**2. COMPENSATION AND BENEFITS.** Subject to the terms and conditions of Sections 1(b) and 3 of this Agreement and Employee’s continued employment with the Company, and in consideration for the services to be provided hereunder by Employee, the Company hereby agrees to pay or otherwise provide Employee with the following compensation and benefits during his employment with the Company:

- a. **Annual Salary.** The Company shall pay Employee a base salary equal to \$350,000.00 per year (as it may be adjusted from time to time, the “Annual Salary”), less applicable taxes, withholdings, and deductions, and any other deductions that may be authorized by Employee, from time to time, in accordance with applicable federal, state, and/or local law. The Annual Salary shall be payable in accordance with the Company’s standard payroll practices and procedures, as in effect from time to time. Employee acknowledges and understands that his position of employment with the Company is considered “exempt,” as that term is defined under the Fair Labor Standards Act and applicable state or local law. As an exempt employee, Employee is not eligible to receive overtime pay.
- b. **Discretionary Bonus.** Following the end of each fiscal year of the Company, Employee shall be eligible to receive a discretionary bonus payment (any bonus awarded hereunder shall hereinafter be referred to as an “Annual Bonus”). The specific amount, if any, of any Annual Bonus shall be determined in the sole discretion of the Company’s Compensation Committee. Any Annual Bonus will be paid in accordance with the Company’s bonus payment practices in effect from time to time for similarly-situated employees of the Company, including tax withholdings. In order to earn, accrue, and receive any Annual Bonus, Employee must be actively employed by the Company in good standing, without having received from or tendered to the Company notice of an anticipated termination (for any reason), at the time that such bonus is to be paid to Employee. Payment of a bonus for any year will not give rise to an entitlement or expectation of a bonus for any other year.

Notwithstanding the foregoing, for calendar year 2022, Employee shall receive a minimum Annual Bonus in a gross amount equal to \$50,000.00, provided that he is actively employed by the Company in good standing, without having received from or tendered to the Company notice of an anticipated termination (for any reason), at the time that the Annual Bonus for calendar year 2022 is to be paid to Employee.

- c. **Benefit Plans.** Employee shall be entitled to participate in any and all medical insurance, group health, disability insurance, life insurance, incentive, savings, retirement, and other benefit plans, if any, which are made generally available to similarly-situated employees of the Company (and subject to eligibility requirements, enrollment criteria, and other terms and conditions of such plans), and which the Company, in its sole discretion, may at any time amend, modify, or terminate, subject to the terms and conditions of such plans and applicable federal, state, or local law.

- d. **Equity Award.** Effective upon the signing of this Agreement by the parties hereto (the “**Signing Date**”), the Employee shall be granted a nonstatutory stock option to purchase 400,000 shares of the Company’s Common Stock with an exercise price per share equal to the closing price of the Company’s common stock on the Nasdaq Capital Market on the Signing Date, pursuant to the form of grant agreement attached to this Agreement as an Exhibit (the “Grant Agreement”). The stock option is to be granted as an inducement grant pursuant to the inducement grant exception under Nasdaq Rule 5635(c)(4), and on terms consistent with those provided under the ProPhase Labs Inc. 2022 Equity Compensation Plan, as amended and restated, including without limitation the adjustment provisions thereof which provide for adjustments upon share dividends, special dividends and distributions, and with vesting over a four-year period, pursuant to which 12.5% (representing an option for 50,000 shares) will vest every six months, subject to the Employee remaining employed with the Company on each vesting date. Notwithstanding anything herein to the contrary, in the event that Employee does not commence employment with the Company on the Effective Date (for any reason), the Parties acknowledge and agree that this Agreement, including but not limited to this Section 2(d), shall be null, void, and unenforceable, that no Party shall have any rights or entitlements under this Agreement, and, accordingly, that any grant pursuant to this Section (d) shall be deemed automatically cancelled.
- e. **Vacation and Sick Leave.** Employee shall be entitled to three weeks’ vacation per year (prorated for partial years of employment), and sick leave, in accordance with the Company’s respective vacation and sick leave policies, as in effect from time to time.
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- f. **Expenses.** Employee shall be entitled to reimbursement for all reasonable expenses that he incurs in connection with the performance of his duties and obligations hereunder. Upon presentation by Employee of appropriate and sufficient documentation, as determined in the Company’s sole discretion, the Company shall reimburse Employee for all such expenses in accordance with the Company’s expense reimbursement policy, as in effect from time to time.

### 3. **EFFECT OF TERMINATION.**

- a. **Definition of Cause.** For purposes of this Agreement, the term “Cause” shall mean: (a) any act or omission of Employee that, in connection with his employment with the Company, amounts to or constitutes a breach of a fiduciary duty, gross negligence, willful misconduct, or material misconduct, or that amounts to or constitutes fraud, embezzlement, or misappropriation; (b) Employee’s breach of any term(s) of this Agreement; (c) Employee’s violation of any policy(ies) established, adopted, or maintained by the Company; (d) any act or omission of Employee that, in the Company’s sole discretion, is demonstrably and materially injurious to the Company; (e) any act or omission of Employee that causes the Company to suffer or endure public disgrace, disrepute, or economic harm; (f) Employee’s misappropriation of corporate assets or corporate opportunities; (g) Employee’s conviction of a felony, a crime involving financial dishonesty towards the Company, or a crime involving moral turpitude; or (h) Employee’s failure to follow the reasonable directives of the Company or to perform the material responsibilities or duties of his position.
- b. **Termination by the Company Without Cause.** If Employee’s employment is terminated by the Company without Cause (and expressly excluding any termination due to Employee’s death or Disability), Employee shall, in addition to any entitlements under the Grant Agreement, receive only:
- i. any Annual Salary earned but unpaid as of the Termination Date (the “Earned Salary”); and
  - ii. subject to Employee meeting the terms and conditions of Section 3(d) below, the Separation Payment, which shall be paid in substantially equal installments commencing with the first regular payroll of the Company following the effective date of the Release (as that term is defined below), and if at all, in any event no later than seventy (70) days after the Termination Date. For purposes of this Agreement, the term “Separation Payment” shall mean (i) an amount equal to six months of the then-current Annual Salary as of the Termination Date, in the event that Employee’s employment is terminated on or prior to the one-year anniversary of the Effective Date; and (ii) an amount equal to 12 months of the then-current Annual Salary as of the Termination Date, in the event that Employee’s employment is terminated following the one-year anniversary of the Effective Date.
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- c. **Termination with Cause and All Other Terminations.** If Employee’s employment is terminated by the Company with Cause at any time, by Employee for any reason at any time, due to Employee’s death, or for any reason other than as specified in Sections 3(b) above at any time during Employee’s employment with the Company, Employee shall receive only the Earned Salary.
- d. **Release of Claims Against the Company.** Notwithstanding the foregoing, no payment shall be made or benefit provided to Employee or Employee’s estate, as applicable, pursuant to this Section 3 of the Agreement, other than the Earned Salary, unless Employee or a representative or agent of Employee’s estate, as applicable, signs and, if applicable, does not revoke a general release of all claims against the Company, and any related, affiliated, or associated persons and/or entities as the Company may designate or determine in its sole discretion, in such form as the Company may reasonably require (the “Release”). The Release must be signed by Employee or Employee’s estate, as applicable, and returned to the Company within the period designated by the Company, which shall not extend later than fifty (50) days after the Termination Date. Any payment to be made or benefit provided pursuant to this Section 3 of the Agreement shall be tendered in accordance with the schedule to be set forth in the Release.

4. **RESTRICTIVE COVENANTS.** The Parties agree that the Company is engaged in a highly competitive industry and would suffer irreparable harm and incur substantial damage if Employee were to enter into competition with the Company. Therefore, in order for the Company to protect its legitimate business interests, Employee covenants and agrees as follows:

- a. Employee shall not, at any time during his employment with the Company and for a period of six months thereafter, anywhere in the geographic areas in which Employee, at any time during his employment, provided services or had a material presence or influence on behalf of the Company, either directly or indirectly: (i) accept employment with or render services to (whether as an agent, servant, owner, partner, consultant, employee, independent contractor, representative, director, officer, or stockholder) any person or entity that is a business competitor of the Company, or has at any time during Employee’s employment with the Company engaged or attempted to engage in business competition with the Company, in a position, capacity, or function that is similar, in title or substance, whether in whole or in part, to any position, capacity, or function that Employee held with or in which Employee served the Company; or (ii) invest in any person or entity that is a business competitor of the Company, or has at any time during Employee’s employment with the Company engaged or attempted to engage in business competition with the Company, except that Employee may own up to one percent (1%) of any outstanding class of securities of any company registered under Section 12 of the Securities Exchange Act of 1934, as amended;
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- b. Employee shall not, at any time during his employment with the Company and for a period of 12 months thereafter, for any reason, on his own behalf or on behalf of any other person or entity, by or through any means including but not limited to social media: (i) solicit, invite, induce, cause, or encourage to alter or terminate his, her, or its business relationship with the Company, any client, customer, supplier, vendor, licensee, licensor, or other person or entity that, at any time during Employee's employment with the Company, had a business relationship with the Company, or any person or entity whose business the Company was soliciting or attempting to solicit at the time of Employee's termination, (a) for whom Employee performed services or with whom Employee had contact during his employment with the Company, or whose business Employee was soliciting or attempting to solicit at the time of Employee's termination, and (b) with whom Employee did not have a business relationship prior to his employment with the Company; (ii) solicit, entice, attempt to solicit or entice, or accept business from any such client, customer, supplier, vendor, licensee, licensor, person, or entity; or (iii) interfere or attempt to interfere with any aspect of the business relationship between the Company and any such client, customer, supplier, vendor, licensee, licensor, person, or entity; and
- c. Employee shall not, at any time during his employment with the Company and for a period of 12 months thereafter, either directly or indirectly, on his own behalf or on behalf of any other person or entity, by or through any means including but not limited to social media: (i) solicit, invite, induce, cause, or encourage any director, officer, employee, agent, representative, consultant, or contractor of the Company to alter or terminate his, her, or its employment, relationship, or affiliation with the Company; (ii) interfere or attempt to interfere with any aspect of the relationship between the Company and any such director, officer, employee, agent, representative, consultant, or contractor; or (iii) engage, hire, or employ, or cause to be engaged, hired, or employed, in any capacity whatsoever, any such director, officer, employee, agent, representative, consultant, or contractor.

Employee represents, warrants, agrees, and understands that: (i) the covenants and agreements set forth in this Section 4 of the Agreement are reasonable in their geographic scope, temporal duration, and the type and scope of activities they restrict; (ii) the Company's agreement to employ Employee, and a portion of the compensation to be paid to Employee hereunder, are in consideration for such covenants and Employee's continued compliance therewith, and constitute adequate and sufficient consideration for such covenants; (iii) Employee shall not raise any issue of, nor contest or dispute, the reasonableness of the geographic scope, temporal duration, or content of such covenants and agreements in any proceeding to enforce such covenants and agreements; (iv) the enforcement of any remedy under this Agreement will not prevent Employee from earning a livelihood, because Employee's past work history and abilities are such that Employee can reasonably expect to find work in other areas and lines of business; (v) the covenants and agreements set forth in this Section 4 of the Agreement are essential for the Company's reasonable protection, are designed to protect the Company's legitimate business interests, and are necessary and implemented for legitimate business reasons; and (vi) in entering into this Agreement, the Company has relied upon Employee's representation that he will comply in full with the covenants and agreements set forth in this Section 4 of the Agreement.

If Employee breaches Section 4(a), 4(b), or 4(c) above, then the period during which that section remains in effect shall be extended by the length of time during which such breach continues.

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## 5. CONFIDENTIALITY

- a. **Confidential Information.** Employee acknowledges that during his employment with the Company, and by the nature of Employee's duties and obligations hereunder, Employee will come into close contact with confidential information of the Company and its subsidiaries, affiliates, and/or other related entities, as applicable, including but not limited to: trade secrets, know-how, Intellectual Property (as that term is defined below), business plans, client/customer lists, pricing, sales and marketing information, products, research, algorithms, market intelligence, services, technologies, concepts, methods, sources, methods of doing business, patterns, processes, compounds, formulae, programs, devices, tools, compilations of information, development, manufacturing, purchasing, engineering, computer programs (whether in source code or object code), theories, techniques, procedures, strategies, systems, designs, works of art, the identity of and any information concerning affiliates or customers, or potential customers, information received from others that the Company is obligated to treat as confidential or proprietary, and any other technical, operating, non-public financial, and other business information that has commercial value, whether relating to the Company, its business, potential business, or operations, or the business of any of the Company's affiliates, subsidiaries, related entities, clients, customers, suppliers, vendors, licensees, or licensors, that Employee may develop or of which Employee may acquire knowledge during his employment with the Company, or from his colleagues while working for the Company, whether prior to, during, or subsequent to his execution of this Agreement, and all other business affairs, methods, and information not readily available to the public (collectively, "Confidential Information"). Confidential Information does not include: (i) information that is or becomes publicly available without any direct or indirect act or omission on Employee's part; or (ii) information that is required to be disclosed pursuant to any applicable law, regulation, judicial or administrative order or decree, or request by other regulatory organization having authority pursuant to the law; provided, however, that, except as set forth in and subject to Section 5(b) of this Agreement, Employee shall first have given reasonable notice to the Company prior to making such disclosure.

Employee acknowledges and agrees that each and every part of the Company's Confidential Information: (a) has been developed by the Company at significant effort and expense; (b) is sufficiently secret to derive economic value from not being generally known to other parties; (c) is proprietary to and a trade secret of the Company and, as such, is a valuable, special, and unique asset of the Company; and (d) constitutes a protectable business interest of the Company. Employee further acknowledges and agrees that any unauthorized use or disclosure of any Confidential Information by Employee will cause irreparable harm and loss to the Company. Employee acknowledges and agrees that the Company owns the Confidential Information. Employee agrees not to dispute, contest, or deny any such ownership rights either during or after Employee's employment with the Company.

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In recognition of the foregoing, and except as set forth in and subject to Section 5(b) of this Agreement, Employee covenants and agrees as follows:

- i. Employee will use Confidential Information only in the performance of his duties and obligations hereunder for the Company. Employee will not use Confidential Information, directly or indirectly, at any time during or after his employment with the Company, for his personal benefit, for the benefit of any other person or entity, or in any manner adverse to the interests of the Company. Further, Employee will keep secret all Confidential Information and will not make use of, divulge, or otherwise disclose Confidential Information, directly or indirectly, to anyone outside of the Company, except with the Company's prior written consent;
- ii. Employee will take all necessary and reasonable steps to protect Confidential Information from being disclosed to anyone within the Company who does not have a need to know the information and to anyone outside of the Company, except with the Company's prior written consent;
- iii. Employee shall not at any time remove, copy, download, or transmit any information from the Company during the term of this Agreement, except for the benefit of the Company and in accordance with this Agreement and the Company's policies; and
- iv. Promptly upon Employee's termination, and in any event no later than three (3) business days after Employee's employment with the Company ceases, Employee shall return to the Company any and all Confidential Information in his possession, custody, or control.
- b. **Duration of Covenant.** Employee acknowledges and agrees that his obligations under this Section 5 of the Agreement shall remain in effect forever.

Notwithstanding the foregoing, nothing in this Agreement shall be construed as, or shall interfere with, abridge, limit, restrain, or restrict Employee's (or his attorney's) right, without prior authorization from or notification to the Company: (i) to communicate with any federal, state, or local government agency

charged with the enforcement and/or investigation of claims of discrimination, harassment, retaliation, improper wage payments, or any other unlawful employment practices under federal, state, or local law, or to file a charge, claim, or complaint with, or participate in or cooperate with any investigation or proceeding conducted by, any such agency; (ii) to report possible violations of federal, state, or local law or regulation to any government agency or entity, including but not limited to, to the extent applicable, to the U.S. Department of Labor, the Department of Justice, the Securities and Exchange Commission (the "SEC"), the Congress, and/or any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation; or (iii) to communicate directly with, respond to any inquiry from, or provide testimony before, to the extent applicable, the SEC, the Financial Industry Regulatory Authority, any other self-regulatory organization, or any other federal, state, or local regulatory authority, regarding this Agreement or its underlying facts or circumstances.

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In addition, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, in the event that Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, if Employee: (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

**6. INJUNCTIVE RELIEF.** Employee agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by Employee of the covenants and agreements set forth in Sections 4 and 5 of this Agreement, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, and notwithstanding any other provision of this Agreement, Employee agrees that if Employee breaches, or the Company reasonably believes that Employee is likely to breach, Sections 4 or 5 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach, without showing or proving any actual damage to the Company. Any award or relief to the Company may, in the discretion of the court, include the Company's costs and expenses of enforcement (including reasonable attorneys' fees, court costs, and expenses). Nothing contained in this Section 6 of the Agreement or in any other provision of the Agreement shall restrict or limit in any manner the Company's right to seek and obtain any form of relief, legal or equitable, and shall not waive the Company's right to any other relief related to any dispute arising out of this Agreement or related to Employee's employment with the Company.

**7. WORKS FOR HIRE.** As it is used in this Section 7 of the Agreement, the term "Intellectual Property" means all discoveries, procedures, designs, creations, developments, improvements, methods, techniques, practices, methodologies, data models, databases, scripts, know-how, processes, algorithms, application program interfaces, software programs, software source documents and training manuals, codes, formulae, works of authorship, mask-works, reports, memoranda, ideas, inventions, customer lists, business and/or financial information, and contributions of any kind, whether or not they are patentable, registrable, or protectable under federal or state patent, copyright, or trade secret laws, or similar statutes, or protectable under common-law principles, and regardless of their form or state of development, that are made, conceived, generated, or reduced to practice by Employee, in whole or in part, either alone or jointly with others, or while Employee was serving as an officer, director, employee, or consultant of, or in any other capacity with, the Company. Notwithstanding anything else in this Agreement, and as it is used in this Section 7, the term "Intellectual Property" excludes any software program, application program interface, equipment, supplies, resources, facilities, data, products, information, materials, or trade secrets used by the Company, and which was developed entirely on Employee's own time, unless said Intellectual Property: (i) relates to the Company's business or potential business; or (ii) results from tasks assigned to Employee by the Company or from work performed by Employee for the Company.

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All Intellectual Property is exclusively the property of the Company. Employee will promptly disclose in writing, in full detail to persons authorized by the Company, all Intellectual Property which Employee conceives, creates, makes, or develops during his employment with the Company, which relate either to Employee's work assignment with the Company, or the trade secrets, confidential or proprietary information, business, or potential business of the Company, for the purpose of determining the Company's rights in such Intellectual Property. Employee agrees he will not file any patent application, or other application seeking intellectual property rights relating to any such Intellectual Property without the prior written consent of the Company's Chief Executive Officer or his/her designee. If Employee does not prove that Employee conceived or made the Intellectual Property entirely after leaving the Company's employment, the Intellectual Property is presumed to have been conceived or made during the period of time Employee was employed by the Company, and Employee agrees to assign said Intellectual Property to the Company.

All Intellectual Property will belong solely to the Company from conception. The Company shall be the sole owner of all issued patents, pending patent applications, before any relevant authority worldwide (including any additions, continuations, continuation-in-part, divisional, reissue, reexaminations, renewals or extensions based thereon), copyrights and other works of authorship, domain names, trade secrets, trademarks, service marks, and all other intellectual property or other rights (collectively, the "Proprietary Rights") in connection with all Intellectual Property in the United States and/or in any other country. Employee further acknowledges and agrees that such Intellectual Property and other works of authorship shall be deemed "works made for hire" as defined in the U.S. Copyright Law, 17 U.S.C. § 101 et seq. (as amended), and were prepared by Employee within the scope of his employment with the Company, for purposes of the Company's rights under copyright laws, and are owned by the Company. To the extent that title to any Intellectual Property or any materials comprising or including any Intellectual Property, e.g., derivative work, including all Proprietary Rights embodied therein, does not, by operation of law, vest in the Company, or is not considered "works made for hire," Employee hereby irrevocably assigns to the Company all of his rights, title and interest to that Intellectual Property, including all Proprietary Rights embodied therein, free of all encumbrances and restrictions. At any time during or after Employee's employment with the Company that the Company requests, Employee will cooperate, and take any action, including signing whatever written documents of assignment the Company deems reasonably necessary, to formally evidence Employee's irrevocable assignment to the Company of any Intellectual Property and all related Proprietary Rights, and, upon the Company's request, he shall deliver to the Company any documents which the Company deems necessary to effect the transfer or prosecution of rights for all Intellectual Property and Proprietary Rights in the United States and/or in any other country. At all times during and after Employee's employment with the Company, Employee will cooperate and assist the Company in obtaining, maintaining and renewing patent, copyright, trademark and other appropriate protection for any Intellectual Property, in the United States and in any other country, at the Company's expense. In the event that the Company is unable, after reasonable effort, to secure Employee's signature on any document or documents needed to apply for or prosecute any patent, copyright, domain name, trademark, or other right or protection relating to Intellectual Property, for any other reason whatsoever, Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as his agent and attorney-in-fact, to act for and on Employee's behalf to execute and file any such application or applications, and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, domain names, trademarks, or similar protections thereon with the same legal force and effect as if executed by Employee. With respect to Intellectual Property owned by the Company, Employee hereby waives all rights of publicity, moral rights or droit morale, and agrees not to enforce or permit others to enforce such rights against the Company or its successors in interest.

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On Schedule A, which is an integral part of this Agreement, Employee has completely identified (without disclosing any trade secret, proprietary or other confidential information) Intellectual Property he conceived or made before his employment with the Company in which Employee has an ownership interest and which is not the subject matter of an issued patent or a printed publication at the time Employee signs this Agreement. If Employee becomes aware of any projected or actual use of any such Intellectual Property by the Company, Employee will promptly notify the Company in writing of said use. Except as to the Intellectual Property listed on Schedule A or those which are the subject matter of an issued patent or a printed publication at the time Employee signs this Agreement, Employee will not assert any rights against the Company with respect to any Intellectual Property made before his employment with the Company.

In addition, Employee hereby grants to the Company a license to use, without further compensation or approval from Employee, Employee's name, image, portrait,

voice, likeness, and all other rights of publicity, or any derivative or modification thereto that the Company may create, in any and all mediums, now known or hereafter developed, provided that such use is in relation to the Company's business and consistent with professional business standards, and does not disparage Employee; provided, however, that if written notice is provided to the Company by Employee following termination of Employee's employment (for any reason) requesting that the Company cease using Employee's likeness, the Company shall have 30 calendar days to cease using Employee's likeness in the manner set forth in the notice.

8. **NOTICES.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been given (i) when delivered personally or by hand (with written confirmation of receipt); (ii) if sent by a nationally-recognized overnight courier, on the date received by the addressee (with written confirmation of receipt); or (iii) on the date sent by electronic mail or facsimile (with confirmation of transmission), to the recipient(s) and address(es) specified below (or to such other recipient and/or address as either Party may, from time to time, designate in writing in accordance with the terms and conditions of this Agreement):

If to Employee:

Mr. Bill White

\_\_\_\_\_

\_\_\_\_\_

If to the Company:

ProPhase Labs, Inc.  
711 Stewart Avenue, Suite 200  
Garden City, New York 11530

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9. **LEGAL REPRESENTATION.** Employee acknowledges that he was advised to consult with, and has had ample opportunity to receive the advice of, independent legal counsel before executing this Agreement – and the Company hereby advises Employee to do so – and that Employee has fully exercised that opportunity to the extent he desired. Employee acknowledges that he had ample opportunity to consider this Agreement and to receive an explanation from such legal counsel of the legal nature, effect, ramifications, and consequences of this Agreement. Employee warrants that he has carefully read this Agreement, that he understands completely its contents, that he understands the significance, nature, effect, and consequences of signing it, and that he has agreed to and signed this Agreement knowingly and voluntarily of his own free will, act, and deed, and for full and sufficient consideration.

10. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement, together with the Grant Agreement and all exhibits and schedules annexed hereto, constitutes the entire agreement between the Parties relating to the subject matter hereof, and supersedes all prior agreements and understandings, whether oral or written, with respect to the same, including but not limited to the Company's offer of employment dated April 15, 2022. In entering into and performing under this Agreement, neither the Company nor Employee has relied upon any promises, representations, or statements except as expressly set forth herein. No modification, alteration, amendment, revision of, or supplement to this Agreement shall be valid or effective unless the same is memorialized in a writing signed by both by Employee and a duly-authorized representative or agent of the Company. Neither e-mail correspondence, text messages, nor any other electronic communications constitutes a writing for purposes of this Section 10 of the Agreement.

11. **GOVERNING LAW.** This Agreement shall in all respects be interpreted, enforced, and governed by and in accordance with the internal substantive laws (and not the laws of choice of laws) of the State of New York. Any dispute arising out of or concerning this Agreement, or Employee's employment with the Company (or separation therefrom), shall be brought in, and the parties hereby consent to the personal jurisdiction of, any federal or state court located in New York County.

12. **ASSIGNMENT.** This Agreement shall not be assignable by Employee, but shall be binding upon Employee and upon his heirs, administrators, representatives, executors, and successors. This Agreement shall be freely assignable by the Company without restriction and, without limitation of the foregoing, shall be deemed automatically assigned by the Company with Employee's consent in the event of any sale, merger, share exchange, consolidation, or other business reorganization. This Agreement shall inure to the benefit of the Company and its successors and assigns.

13. **SEVERABILITY.** If one or more of the provisions of this Agreement is deemed void by law, then the remaining provisions shall continue with full force and effect and, if legally permitted, such offending provision or provisions shall be replaced with an enforceable provision or enforceable provisions that as nearly as possible effects the Parties' intent. Without limiting the generality of the foregoing, the Parties hereby expressly state their intent that, to the extent any provision of this Agreement is deemed unenforceable due to the scope, whether geographic, temporal, or otherwise, being deemed excessive, unreasonable, and/or overbroad, the court, person, or entity rendering such opinion regarding the scope shall modify such provision(s), or shall direct or permit the Parties to modify such provision(s), to the minimum extent necessary to cause such provision(s) to be enforceable.

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14. **SURVIVAL.** Upon the termination or expiration of this Agreement, Sections 3(d) and 4 through 18 of the Agreement, together with any provisions of the Grant Agreement that, by their terms, survive the termination or expiration of this Agreement, shall survive such termination or expiration, and shall continue, with full force and effect, in accordance with their respective terms and conditions.

15. **WAIVER.** The failure of either Party to insist, in any one or more instances, upon the performance of any of the terms, covenants, or conditions of this Agreement or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of any rights, and the obligations of the Party with respect to such future performance shall continue with full force and effect. No waiver of any such right will have effect unless given in a writing signed by the Party against whom the waiver is to be enforced.

16. **COMPLIANCE WITH SECTION 409A OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("SECTION 409A").**

- a. Notwithstanding anything herein to the contrary, to the maximum extent permitted by applicable law, amounts payable to Employee pursuant to Section 3(b) of this Agreement shall be made in reliance upon Treas. Reg. Section 1.409A-1(b)(9) (Separation Pay Plans) or Treas. Reg. Section 1.409A-1(b)(4) (Short-Term Deferrals), as applicable. For this purpose, each payment (including each monthly installment) shall be considered a separate and distinct payment, and each payment made in reliance on Treas. Reg. Section 1.409A-1(b)(9) shall only be payable if the Employee's termination of employment constitutes a "separation from service" within the meaning of Treas. Reg. Section 1.409A-1(h).

b. Notwithstanding anything contained in this Agreement to the contrary, no amount payable on account of Employee's termination of employment which constitutes a "deferral of compensation" ("Section 409A Deferred Compensation") within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code (the "Section 409A Regulations") shall be paid unless and until Employee has incurred a "separation from service"; and if the 70-day payment period set forth under Section 3(b) of this Agreement commences in one taxable year and ends in another, then payment under such section shall not be made until the second taxable year. For purposes of this Agreement, "separation from service" shall have the meaning of such term as defined by the Section 409A Regulations, and each payment shall be considered a separate and distinct payment. Furthermore, if Employee is a "specified employee" within the meaning of the Section 409A Regulations as of the date of Employee's separation from service, no amount that constitutes Section 409A Deferred Compensation which is payable on account of Employee's separation from service shall be paid to Employee before the date (the "Delayed Payment Date") which is first business day of the seventh (7th) month after the date of Employee's separation from service or, if earlier, the date of Employee's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

c. To the extent that all or any portion of the Company's payment of benefits or reimbursements or in-kind benefits provided to Employee (the "Company-Provided Benefits") would constitute Section 409A Deferred Compensation, then, for the duration of the applicable period during which the Company is required to provide such benefits: (a) the amount of Company-Provided Benefits furnished in any taxable year of Employee shall not affect the amount of Company-Provided Benefits furnished in any other taxable year of Employee; (b) any right of Employee to Company-Provided Benefits shall not be subject to liquidation or exchange for another benefit; and (c) any reimbursement for Company-Provided Benefits to which Employee is entitled shall be paid no later than the last day of Employee's taxable year following the taxable year in which Employee's expense for such Company-Provided Benefits was incurred.

d. The Company intends that income provided to Employee pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A and the Section 409A Regulations. However, the Company does not guarantee any particular tax effect for income provided to Employee pursuant to this Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Employee, the Company shall not be responsible for the payment of any applicable taxes incurred by Employee on compensation paid or provided to Employee pursuant to this Agreement.

17. **TAXES.** The Parties acknowledge and agree that the Company may withhold from any amounts payable under this Agreement such federal, state, local, and foreign taxes and withholdings as may be required to be withheld pursuant to any applicable law, rule, or regulation.

18. **SECTION HEADINGS.** The section headings used in this Agreement are included solely for convenience, and shall not affect, or be used in connection with, the interpretation of this Agreement. Any reference to any gender in this Agreement shall include, where appropriate, any other gender.

19. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the day and year first above written.

**EMPLOYEE:**

/s/ Bill White  
Bill White

**PROPHASE LABS, INC.:**

By: /s/ Ted Karkus  
Ted Karkus, Chief Executive Officer and  
Chairman of the Board

Date: 5/9/2022

Date: 5/9/2022

**SCHEDULE A**

INTELLECTUAL PROPERTY EMPLOYEE MADE PRIOR TO THE COMMENCEMENT OF HIS EMPLOYMENT WITH THE COMPANY, IN WHICH HE HAS AN OWNERSHIP INTEREST, WHICH ARE NOT THE SUBJECT MATTER OF ISSUED PATENTS OR PRINTED PUBLICATIONS:

(If there are none, please enter the word "NONE")

NOTE: Please describe each such Intellectual Property without disclosing trade secrets, proprietary or confidential information.

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**PROPHASE LABS, INC.**  
**INDUCEMENT OPTION AWARD AGREEMENT**

THIS AGREEMENT (the “Agreement”), is made effective as of the 9th day of May, 2022 (hereinafter called the “Date of Grant”), between ProPhase Labs, Inc., a Delaware corporation (hereinafter called the “Company”), and Bill White (hereinafter called the “Optionee”):

RECITALS:

**WHEREAS**, the Optionee satisfies the standards for inducement grants under Nasdaq Marketplace Rule 5635(c)(4) and the related guidance under Nasdaq IM 5635-1;

**WHEREAS**, the grant of this “Option” (as defined below) to the Optionee was approved by the Compensation Committee of the Board of Directors of the Company (the “Committee”) and complies with the exemption from the stockholder approval requirement for “inducement grants” provided under Rule 5635(c)(4) of the Nasdaq Listing Rules;

**WHEREAS**, the Option evidenced by this Agreement was granted to the Optionee pursuant to the inducement grant exception under Nasdaq Stock Market Rule 5635(c)(4), and not pursuant to any equity incentive plan of the Company, provided however, that certain terms included in the Company’s 2022 Equity Incentive Plan (the “2022 Plan”) shall apply to the Option, as an inducement that is material to the Optionee entering into employment with the Company; and

**WHEREAS**, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the Option provided for herein to the Optionee pursuant to the terms set forth herein.

**NOW THEREFORE**, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Optionee the right and option (the “Option”) to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of 400,000 shares of common stock of the Company, par value \$0.0005 per share (the “Shares”), subject to adjustment as set forth in Section 9 of the 2022 Plan and Section 4 below. The purchase price of the Shares subject to the Option shall be \$6.74 per Share (the “Option Price”). The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

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2. Vesting.

(a) All Options granted pursuant to this Agreement shall vest and become exercisable in accordance with the following schedule, in each case, subject to the Optionee’s commencement of and continued Employment (as defined below) through the applicable vesting date, except as otherwise provided in Section 2(c) below:

Six month anniversary of Commencement Date (as defined below)	12.5%
Twelve month anniversary of the Commencement Date	12.5%
Eighteen month anniversary of the Commencement Date	12.5%
Twenty-four month anniversary of Commencement Date	12.5%
Thirty month anniversary of the Commencement Date	12.5%
Thirty-six month anniversary of Commencement Date	12.5%
Forty-two month anniversary of Commencement Date	12.5%
Forty-eight month anniversary of Commencement Date	12.5%

For purposes of the foregoing vesting schedule, the number of shares vested shall be rounded down to the nearest whole share, until the last vesting date on which date the balance of the shares shall vest subject to the terms and conditions provided herein.

(b) In the event the Optionee does not commence employment with the Company on or before May 23, 2022 (the “Commencement Date”), this Option shall be automatically forfeited and cancelled for no value without any consideration being paid therefor and otherwise without any further action of the Company whatsoever.

(c) Subject to Section 2(b), upon any termination of the Optionee’s Employment by the Company without “Cause” (as defined in the Optionee’s employment agreement with the Company or its “Affiliates” (as defined below)), the Optionee shall be credited with an additional three (3) months of vesting provided that the Optionee satisfies any terms and conditions applicable to such additional vesting stated in the Optionee’s employment agreement with the Company or its Affiliate.

(d) Any portion of the Option that does not become vested and exercisable in accordance with the provisions of Section 2 hereof shall be automatically forfeited and cancelled for no value without any consideration being paid therefor and otherwise without any further action of the Company whatsoever on the earliest to occur of the events listed in Section 3. For the avoidance of doubt, there shall be no proportionate or partial vesting in the periods prior to each vesting date set forth in Section 2(a) and all vesting shall occur only on the applicable vesting date, subject to the Optionee’s commencement of and continued Employment with the Company on each applicable vesting date, except as otherwise provided in Section 2(c).

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3. Exercise of Option.

(a) Period of Exercise. Subject to the provisions of this Agreement, the Optionee may exercise all or any part of the vested portion of the Option at any time prior to the earliest to occur of:

(i) the seventh anniversary of the Date of Grant;

(ii) one year following the date of the Optionee’s termination of “Employment” (as defined below) due to death or “Disability” (as defined below);

(iii) one year following the date of the Optionee’s termination of Employment by the Company without “Cause” (as defined in the Optionee’s employment agreement with the Company or its Affiliates); and

(iv) the date of the Optionee’s termination of Employment by the Company for Cause or by the Optionee for any reason.

For purposes of this Agreement, “Employment” shall mean (i) the Optionee’s employment if the Optionee is an employee of the Company or any of its

Affiliates, (ii) the Optionee's services as a consultant, advisor or other service provider, if the Optionee is a consultant, advisor or other service provider to the Company or its Affiliates and (iii) the Optionee's services as a non-employee director, if the Optionee is a non-employee member of the Board of Directors of the Company (the "Board").

For purposes of this Agreement, "Disability" shall mean the inability of the Optionee to perform in all material respects his or her duties and responsibilities to the Company or any Affiliate, by reason of a physical or mental disability or infirmity which inability is reasonably expected to be permanent and has continued (i) for a period of six consecutive months or (ii) such shorter period as the Committee may reasonably determine in good faith. The Disability determination shall be in the sole discretion of the Committee and the Optionee (or his or her representative) shall furnish the Committee with medical evidence documenting the Optionee's disability or infirmity which is satisfactory to the Committee.

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(b) Method of Exercise.

(i) Subject to Section 3(a), the vested portion of the Option may be exercised by delivering to the Company at its principal office written notice of intent to so exercise; provided that, the Option may be exercised with respect to whole Shares only. Such notice shall specify the number of Shares for which the Option is being exercised and shall be accompanied by payment in full of the purchase price per Share of the Option for the number of Shares for which the Option is being exercised (the "Option Price"). The payment of the Option Price may be made at the election of the Optionee (i) in cash or its equivalent (e.g., by check), (ii) to the extent permitted by the Committee, in Shares having a "Fair Market Value" (as defined below) equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such Shares have been held by the Optionee for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles), (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares, (iv) if there is a public market for the Shares at such time, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased, or (v) through a "net settlement." In the case of a "net settlement" of the Option, the Company will not require a cash payment of the Option Price of the Option, but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that have a Fair Market Value that does not exceed the aggregate Option Price. With respect to any remaining balance of the aggregate Option Price, the Company shall accept a cash payment. The Optionee shall have no rights to dividends or other rights of a stockholder with respect to Shares subject to the Option until the Optionee has given written notice of exercise of the Option, paid in full for such Shares as applicable and, if applicable, has satisfied any other conditions set forth in this Agreement.

(ii) Notwithstanding any other provision of this Agreement to the contrary, the Option may not be exercised prior to the completion of any registration or qualification of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange that the Committee shall in its sole discretion determine to be necessary or advisable.

(iii) In the event of the Optionee's death, the vested portion of the Option shall remain exercisable by the Optionee's executor or administrator, or the person or persons to whom the Optionee's rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, to the extent set forth in Section 3(a). Any heir or legatee of the Optionee shall take rights herein granted subject to the terms and conditions hereof.

For purposes of this Agreement, "Fair Market Value" shall mean on a given date, (i) if there should be a public market for the Shares on such date, the closing price of the Shares as reported on such date on the composite tape of the principal national securities exchange on which such Shares are listed or admitted to trading or, if no composite tape exists for such national securities exchange on such date, then the closing price on the principal national securities exchange on which such Shares are listed or admitted to trading, (ii) if the Shares are not listed or admitted on a national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such other market in which such prices for the Shares are regularly quoted) or (iii) if there is no market on which the Shares are regularly quoted, the Fair Market Value shall be the value established by the Committee in good faith and in accordance with Section 409A of the Internal Revenue Code of 1986, as amended; provided, however that in determining the Fair Market value, the Committee shall not apply a discount for any minority interest. With respect to (i) and (ii) above, if no sale of Shares shall have been reported on such composite tape or such national securities exchange on such date or quoted on the National Association of Securities Dealer Automated Quotation System or other applicable market on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used.

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4. Adjustments Upon Certain Events. Notwithstanding any other provisions of this Agreement to the contrary, the following provisions shall apply to the Option granted under this Agreement:

(a) Generally. The Option shall be subject to the adjustment provisions of Section 9 of the 2022 Plan, as if granted thereunder.

(b) Change of Control. The Option shall be subject to the change of control provisions of Section 9 of the 2022 Plan, as if granted thereunder. For purposes of this Agreement, "Change of Control" shall be as defined in the 2022 Plan.

5. Option Recovery. If the Committee determines that the Optionee (a) engaged in conduct that constituted Cause as defined in the Optionee's employment agreement with the Company or its Affiliates at any prior to the Optionee's termination of services, (b) engaged in conduct during the 6 month period after the Optionee's termination of services that would have constituted Cause if the Optionee had not ceased to provide services, or (c) violates the terms of any non-compete agreement, non-solicitation agreement, confidentiality agreement, or any other restriction on the Optionee's post-termination activities established under any agreement with the Company or other Company policy or arrangement during the 6 months after the Optionee's ceases to provide services to the Company, then (i) any Option held by the Optionee shall immediately terminate, and the Optionee shall automatically forfeit all Shares underlying any exercised portion of an Option for which the Company has not yet delivered the Share certificates, upon refund by the Company of the Option Price paid by the Optionee for such Shares and (ii) the Optionee shall return any Shares received upon exercise of this Option or repay to the Company any proceeds received from the sale of other disposition of the Shares transferred pursuant to this Option less the Option Price. Upon any exercise of an Option, the Company may withhold delivery of share certificates pending resolution of an inquiry that could lead to a finding resulting in a forfeiture under this Section.

6. No Right to Continued Employment. The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Optionee and shall not lessen or affect the Company's or its Affiliate's right to terminate the Employment of such Optionee.

7. Transferability. The Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Optionee otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Optionee shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Optionee's lifetime, the Option is exercisable only by the Optionee.

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8. Withholding. The Optionee may be required to pay to the Company or any Affiliate and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under or with respect to the Option and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

9. Securities Laws. Upon the acquisition of any Shares pursuant to the exercise of the Option, the Optionee will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Optionee at the address appearing in the personnel records of the Company for the Optionee or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware without regard to conflicts of laws.

12. Section 409A. The Company intends that income realized by the Optionee pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code. In the event that it is reasonably determined by the Committee that, as a result of Section 409A of the Code, any payment or delivery of Shares in respect of the Option may not be made at the time contemplated by the terms of this Agreement, as the case may be, without causing Optionee to be subject to taxation under Section 409A of the Code, the Company shall use reasonably commercial efforts to make such payment or delivery of Shares on the first day that would not result in the Optionee incurring any tax liability under Section 409A of the Code. If Optionee is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code), any payment and/or delivery of Shares in respect of the Option that are linked to the date of the Optionee's separation from service shall not be made prior to the date which is six (6) months after the date of such Optionee's separation from service from the Company, determined in accordance with Section 409A of the Code and the regulations promulgated thereunder. The Company, in its reasonable discretion, may amend (including retroactively) this Agreement in order to conform to the applicable requirements of Section 409A of the Code, including amendments to facilitate the Optionee's ability to avoid taxation under Section 409A of the Code. However, the preceding provisions shall not be construed as a guarantee by the Company of any particular tax result for income realized by the Optionee pursuant to this Agreement.

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13. Administration. This Agreement shall be administered by the Committee. The Committee is authorized to interpret this Agreement, to establish, amend and rescind any rules and regulations relating to this Agreement, and to make any other determinations that it deems necessary or advisable for the administration of this Agreement. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Agreement in the manner and to the extent the Committee deems necessary or advisable. Any decision of the Committee in the interpretation and administration of this Agreement, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, the Optionee and his or her beneficiaries or successors). The Committee shall have the full power and authority to establish the terms and conditions of this Option consistent with the provisions of this Agreement and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). Awards may, in the discretion of the Committee, be granted in assumption of, or in substitution for, any outstanding portion of this Option. The Committee shall require payment of any minimum amount it may determine to be necessary to withhold for federal, state, local or other, taxes as a result of the exercise, vesting or grant of this Option. Unless the Committee specifies otherwise, the Optionee may elect to pay a portion or all of such withholding taxes by (a) delivery in Shares or (b) having Shares withheld by the Company from any Shares that would have otherwise been received by the Optionee. The number of Shares so delivered or withheld shall have an aggregate Fair Market Value sufficient to satisfy the applicable minimum withholding taxes.

14. Successors and Assigns. This Agreement shall be binding on all successors and assigns of the Company and the Optionee, including, without limitation, the estate of the Optionee and the executor, administrator or trustee of such estate, and any receiver or trustee in bankruptcy or any other representative of the Optionee's creditors.

15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Signatures on next page.]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be effective as of the day and year first above written.

**PROPHASE LABS, INC.**

By: /s/ Ted Karkus

Name: Ted Karkus

Title: Chief Executive Officer and Chairman of the Board

**OPTIONEE**

/s/ Bill White

Bill White

[Signature Page to Inducement Option Award Agreement]

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### **ProPhase Labs Announces Appointment of Bill White as Chief Financial Officer**

Garden City, NY – May 10, 2022 (GLOBE NEWSWIRE) – ProPhase Labs, Inc. (Nasdaq: PRPH), a diversified diagnostics and genomics company, announced today that Bill White has been appointed Chief Financial Officer (CFO) of ProPhase Labs, effective May 23, 2022.

Mr. White joins ProPhase Labs from Intellicheck, Inc., where he served as Chief Financial Officer, Treasurer and Secretary since April 2012 and Chief Operating Officer since March 2020. Mr. White has more than 30 years of experience in financial management, operations and business development. Prior to joining Intellicheck, he served 11 years as the Chief Financial Officer, Secretary and Treasurer of FocusMicro, Inc. (“FM”). As co-founder of FM, Mr. White played an integral role in growing the business from the company’s inception to over \$36 million in annual revenue in a five-year period. Mr. White has broad domestic and international experience including managing rapid and significant growth, import/export, implementing tough cost management initiatives, exploiting new growth opportunities, merger and acquisitions, strategic planning, resource allocation, tax compliance and organization development. Prior to co-founding FM, he served 15 years in various financial leadership positions in the government sector. Mr. White started his career in Public Accounting.

“We are thrilled to have Bill join our executive team,” said Ted Karkus, Chief Executive Officer of ProPhase. “Bill’s financial expertise will be an important addition to our company as we work to grow our business strategy and valuation.”

“I am very pleased to have the opportunity to work with Ted and the ProPhase team,” said Mr. White. “I look forward to providing my finance expertise and supporting the Company’s goals and upcoming milestones.”

Mr. White will succeed Monica Brady, who has served as ProPhase Labs’ CFO since January 2019. Ms. Brady will remain at ProPhase Labs and will report to Mr. White in her continuing role as Chief Accounting Officer of ProPhase Labs and Chief Financial Officer of ProPhase Diagnostics, Inc.

“I want to thank Monica for her work as CFO over the past several years and dedication to our company as we drove the acceleration of our new business model,” said Mr. Karkus. “We are grateful for her many contributions during this time of rapid change.”

### **Inducement Award**

Mr. White was awarded a stock option to purchase up to 400,000 shares of ProPhase common stock as an inducement to his employment as Chief Financial Officer of ProPhase Labs. This award was made in accordance with the employment inducement award exemption provided by Nasdaq Rule 5635(c)(4) and was therefore not awarded under the Company’s stockholder approved equity plan. The option award will vest over a four year period, with 12.5% vesting every six months following the date his employment commences, contingent upon the commencement of his employment and continued service through each vesting date. The options have an exercise price of \$6.74 per share and will be exercisable for a period of seven years.

### **About ProPhase Labs**

ProPhase Labs, Inc. (Nasdaq: PRPH) (“ProPhase”) is a diversified diagnostics and genomics company.

ProPhase Diagnostics, Inc., a wholly-owned subsidiary of ProPhase, offers a broad array of clinical diagnostic and testing services at its CLIA certified laboratories including state-of-the-art polymerase chain reaction (PCR) testing for SARS-CoV-2 (COVID-19). Critical to COVID-19 testing, ProPhase Diagnostics provides fast turnaround times for results. ProPhase Diagnostics also offers best-in-class rapid antigen and antibody/immunity tests to broaden its COVID-19 testing beyond RT-PCR testing.

ProPhase Precision Medicine, Inc., a wholly-owned subsidiary of ProPhase, focuses on genomics testing technologies, a comprehensive method for analyzing entire genomes, including the genes and chromosomes in DNA. The data obtained from genomic testing can help to identify inherited disorders and tendencies, help predict disease risk, help identify expected drug response, and characterize genetic mutations, including those that drive cancer progression.

ProPhase Global Healthcare, Inc., a subsidiary of ProPhase, was formed to seek to expand the Company’s SARS-CoV-2 (COVID-19) testing into other countries and to pursue additional healthcare-related initiatives.

ProPhase has decades of experience researching, developing, manufacturing, distributing, marketing, and selling OTC consumer healthcare products and dietary supplements under the TK Supplements<sup>®</sup> brand and Phamaloz contract manufacturing subsidiary.

ProPhase actively pursues strategic investments and acquisition opportunities for other companies, technologies, and products.

For more information, visit [www.ProPhaseLabs.com](http://www.ProPhaseLabs.com).

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