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): July 28, 2025

PROPHASE LABS, INC.
(Exact name of Company as specified in its charter)

Delaware	**000-21617**	**23-2577138**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

626 RXR Plaza, 6th Floor	
Uniondale, New York	**11556**
(Address of principal executive offices)	(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 1.01. Entry into a Material Definitive Agreement.

On July 22, 2025, ProPhase Labs, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Purchase Agreement"), Convertible Notes (the "Notes"), Warrants (the "Warrants"), Security Agreement, Registration Rights Agreement, and Transfer Agent Reservation Letter with two investors (the "Investors") for a private placement of senior secured convertible notes and warrants. To protect the interests of the Company and its shareholders, the Company reserved the right to prepay the loan at any time without penalty.

All material terms of the transaction are set forth in the exhibits filed herewith, and this summary is qualified in its entirety by reference to those exhibits.

The Purchase Agreement with the two Investors is for the sale and issuance of an aggregate principal cash investment amount of $3,000,000 of 20% Original Issue Discount Senior Secured Convertible Notes and common stock purchase warrants to acquire up to 5,250,000 shares of common stock. After the OID, the two Notes have a combined principal face amount of $3,750,000. After repayment of certain obligations from the flow of funds, net proceeds to the Company were $2,251,343.20 from the lead investor and $500,000 from the second investor.

The net proceeds are for working capital, general corporate purposes, debt repayment, and as otherwise described in the Purchase Agreement.

The Notes mature on July 22, 2026, bear interest at 10% per annum on the original principal face amount and provide for other customary terms and covenants. The Notes are not convertible for four months after execution and may be prepaid at any time without penalty.

The Warrants are exercisable at an exercise price of $0.50 per share (subject to adjustment) and expire five years from their date of issuance.

After the Note conversion waiting period of four months, the Notes permit holders to convert outstanding principal and accrued interest into shares of common stock at a conversion price that is the lower of 80% of the trailing ten-day volume weighted average price (VWAP) or a fixed maximum price, but with a set floor price and certain caps

on conversion to prevent excessive dilution. Unlike so-called "death spiral" or toxic convertible structures, the conversion price cannot fall indefinitely, large block conversions are limited, and investors do not have unrestricted rights to convert at deepening discounts regardless of market price - meaning the structure is designed to protect long-term shareholder value and avoid downward price spirals, subject to continued listing on the Nasdaq.

The transaction involves the potential issuance of shares of common stock upon conversion of the Notes or exercise of the Warrants, subject to Nasdaq and charter limitations, including a 19.99% cap pending stockholder approval.

The parties agreed to reserve 1.0 million shares now, and upon shareholder approval of the amendment of the certificate of incorporation to authorize additional shares, the Transfer Agent will increase the reserve to 226,310,704 shares. Any failure by the Company to get the additional shares authorized would be resolved in a cash settlement.

Until stockholder approval of the issuance of shares in excess of 19.99% of the outstanding common stock, issuances will not exceed this threshold.

Under the agreements, the Company has until November 22, 2025 to authorize, register, and reserve the additional shares.

The Purchase Agreement, Notes, Warrants, and Security Agreement executed on July 22, 2025 provide for the potential issuance of a substantial number of new shares upon conversion of the notes and exercise of the warrants, which may dilute existing shareholders and increase the supply of shares available for resale. In addition, the Security Agreement grants investors a first priority security interest in substantially all Company assets, meaning that in the event of a default under the Notes, secured creditors would have rights superior to those of existing shareholders (see "Purchase Agreement Section 4," "Note Conversion Provisions," "Warrant Exercise Provisions," and "Security Agreement Section 2").

While the Security Agreement (executed July 22, 2025) grants the investors a first priority lien on substantially all of the Company's and certain subsidiary's assets as collateral, the agreement also includes protective provisions for the Company. Specifically, the Secured Parties may not take enforcement action or foreclose on collateral unless and until there has been an Event of Default, and then only after prescribed notice periods and opportunity to cure. Additionally, all sales or dispositions of collateral must be commercially reasonable and compliant with applicable law, and the agreement preserves the Company's ability to continue using its assets in the ordinary course of business until an uncured default occurs. These provisions ensure that, absent a default, the Company retains full control over its assets and operations. The subsidiaries and Covid receivables that are the basis for the Company's previously disclosed Crown Medical Collections initiative are carved out.

Both Ted Karkus, CEO, and an additional investor, who had collectively previously invested $1.0 million, agreed to subordinate their prior secured loans to this offering and contractually accepted restrictions on payments to them while the Notes are outstanding.

The terms of the loan were reviewed and approved by the Board of Directors.

The securities have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold absent registration or an applicable exemption from registration requirement.

All material terms of the transaction are set forth in the exhibits filed herewith, and this summary is qualified in its entirety by reference to those exhibits, which are attached hereto as Exhibit 10.1 through Exhibit 10.6 and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 above is incorporated by reference into this Item 3.02.

The sale and issuance of the Notes and Warrants described above, and the shares of common stock issuable upon conversion or exercise thereof, have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and were made in reliance upon the exemptions from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D thereunder. Each Investor has represented in its representations and warranties in the Purchase Agreement that it is an accredited investor as defined in Rule 501(a) of Regulation D.

Item 8.01 – Other Events

The Company has established a record date of August 1, 2025 for a special meeting of stockholders to be held on Friday, August 29, 2025, at 4:00 p.m. Eastern Time, at 273 Merrick Road, Lynbrook, NY 11563. The meeting will start promptly at 4:00 p.m., Eastern Time. The Company intends to file a preliminary proxy statement with the SEC in due course. Additional information regarding the proposals will be included in the proxy materials when filed with the SEC. This communication does not constitute a solicitation of any vote or approval and is being provided for informational purposes only in accordance with SEC rules. No proxies are being solicited at this time, and stockholders are not being requested to take any action until they have received definitive proxy materials that will be filed with the SEC.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Securities Purchase Agreement, dated as of July 22, 2025 (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
10.2	Form of 20% OID Senior Secured Convertible Note (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
10.3	Form of Common Stock Purchase Warrant (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
10.4	Registration Rights Agreement, dated July 22, 2025 (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
10.5	Security Agreement, dated July 22, 2025 (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
10.6	Transfer Agent Reservation Letter, dated July 22, 2025 (portions redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K)
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/ Ted Karkus*
Ted Karkus
Chairman of the Board and Chief Executive Officer

Date: July 28, 2025

Exhibit 10.1

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "**Agreement**") is dated as of July 22, 2025 and is by and between ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), and each purchaser identified on the **Annex A** hereto (each, including its successors and assigns, an "**Investor**" or "**Holder**") and collectively, the "**Investors**").

WHEREAS, the Investors wish to purchase from the Company, and the Company wishes to issue and sell to the Investors: (i) 20% OID Senior Secured Convertible Notes in the form of **Appendix A** hereto (each, a "**Note**" and collectively, the "**Notes**"); and (ii) Warrants to Purchase Common Stock in the form of **Appendix B** hereto (each, a "**Warrant**" and collectively, the "**Warrants**"); and

WHEREAS, the Company and Investors are executing and delivering this Agreement in reliance upon an exemption from securities registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by the provisions of Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated thereunder by the U.S. Securities and Exchange Commission;

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Investor agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes, and (b) the following terms have the meanings set forth in this Agreement.

"$" means United States Dollars.

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Asset Sale" means any sale, lease, license, assign, transfer, spin-off, split-off, closing, conveyance or other disposition of any assets or rights of the Company or any Subsidiary owned or hereafter acquired whether in a single transaction or a series of related transactions other than any (i) sale, leases, license, assignment, transfer, conveyance or other dispositions of such assets or rights by the Company and its Subsidiaries in the ordinary course of business consistent with its past practice and (ii) sales of inventory and product in the ordinary course of business.

"Board" means the Board of Directors of the Company.

"Business Day" means any day except Saturday, Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

"Closing" means the closing of the purchase and sale of Securities pursuant to Section 2.01.

"Closing Date" means for any Securities, the Business Day when all of the Transaction Documents for such Securities shall have been executed and delivered by the applicable parties thereto, and conditions precedent to the applicable Investors' obligations to pay the Subscription Amount and the Company's obligations to deliver such Securities shall have been satisfied or waived.

"Common Stock" means the common stock of the Company, par value $0.0005 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalent" means any convertible security or warrant, option or other right to subscribe for or purchase any additional shares of Common Stock or any other Common Stock Equivalent.

"Conversion Price" has the meaning provided in the Notes.

"Conversion Shares" has the meaning provided in the Notes.

"Convertibility Date" has the meaning provided in the Notes.

"Disclosure Schedules" means the disclosure schedule or schedules or other writings delivered by the Company to the Investors prior to the date hereof and identified by the Company as such.

"Exempt Issuance" means: (i) the issuance by the Company of Securities and (upon conversion or exercise thereof) Underlying Shares, (ii) the issuance by the Company of Common Stock upon the exercise of an outstanding stock option or warrant or the conversion of a security outstanding on the date hereof as disclosed in SEC Reports, or (iii) the issuance by the Company of any Common Stock or standard options to purchase Common Stock to directors, officers, employees or consultants of the Company or its Subsidiaries in their capacity as such pursuant to an employee benefit plan which has been approved by the Board prior to or subsequent to the date hereof pursuant to which Common Stock and standard options to purchase Common Stock may be issued to any employee, officer, director or consultant for services provided to the Company or its subsidiaries in their capacity as such.

"Exercise Price" has the meaning provided in the Warrants.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FINRA" means the Financial Industry Regulatory Authority.

"Indebtedness" means: (A) any liabilities and other obligations of the Company and its Subsidiaries for borrowed money, amounts owed or funds advanced; (B) all obligations of the Company and its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments or debt securities (including any seller notes relating to prior acquisitions); (C) all obligations in respect of letters of credit, whether or not drawn, and bankers' acceptances issued for the account of the Company and its Subsidiaries, (D) all obligations arising from deferred compensation arrangements of the Company and its Subsidiaries or any joint or common employer together with the Company or any of its Subsidiaries; (E) all obligations of any person or entity secured by a lien on any assets or rights of the Company and its Subsidiaries; (F) all capital lease obligations of the Company and its Subsidiaries having a present value (on an aggregate basis for all capital leases); (G) any deferred rent of the Company and its Subsidiaries; (H) any taxes payable, or tax withholding obligations, the payment of which is due or past due by the Company and its Subsidiaries; (I) any deferred purchase price for property or services (including with respect to any earnout or similar payments) with respect to which any Company and its Subsidiaries is liable, contingently or otherwise, as obligor or otherwise;

(J) any accrued or declared and unpaid dividends or distributions on the Company's or any Subsidiary's equity capital; (K) any amounts due from the Company due to change in control or similar provisions; (L) payments or other amounts due from the Company for any loans, payment deferrals, customer credits, or other Liabilities of the Companies relating to or arising under or from: (1) the Coronavirus Aid, Relief, and Economic Security Act, including with respect to any loans or other amounts advanced or provided to any Company thereunder; or (2) the COVID-19 global pandemic, the economic effect thereof, or from any of the precautionary or emergency measures, recommendations or orders taken or issued by any person in response to the COVID-19 global pandemic; (M) all other Liabilities of the Company (other than the long-term portion of any capital lease obligations) classified as non-current liabilities in accordance with generally accepted accounting principles; (N) all accrued interest, prepayment premiums or penalties, indemnities, and fees and expenses related to any of the foregoing (including any prepayment premiums payable as a result of the consummation of the transactions contemplated by this Agreement); and (O) all guaranties, endorsements and other contingent obligations of the Company in respect of any of the foregoing liabilities or obligations of any other person, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.01(p).

"Lead Investor" means REDACTED.

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.01(c).

"Liens" shall mean a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction or adverse claim of a third party.

"Material Adverse Effect" shall have the meaning ascribed to such term in Section 3.01(b).

"Money Laundering Laws" has the meaning ascribed to such term in Section 3.01(hh).

"OID" means 20%.

"Original Principal Amount" means, with respect to any Investor's Note(s), the amount obtained by *dividing*: (i) the Subscription Amount for such Note(s) under this Agreement *by* (ii) 100% *less* the OID.

"Permitted Additional Debt" means (i) at any time, up to $3,000,000 of post-Closing senior secured Indebtedness (including convertible Indebtedness)*provided* that such Indebtedness shall not (x) constitute a VRT Transaction or (y) require the payment or prepayment of any principal amount prior to the "Scheduled Maturity Date" identified in the Notes; (ii) from and after the Convertibility Date, additional Notes ("**Additional Notes**") with additional Warrants ("**Additional Warrants**") issued under this Agreement (subject to the final sentence of this paragraph, in an aggregate Original Principal Amount (with respect to such Additional Notes) not to exceed $3,000,000 *less* the amount of Indebtedness described in the foregoing clause (i) then outstanding; and (iii) at any time, such additional Indebtedness as shall be approved by the holders of a majority in Original Principal Amount of the Notes then outstanding (including the Lead Investor, if then a holder of any Notes). All Additional Notes shall be substantially in the same form as the Notes issued on the initial Closing Date hereunder except that the "Scheduled Maturity Date" identified therein shall be one year from the Closing Date for such Additional Notes; and all Additional Warrants shall be substantially in the form of the Warrants issued on such initial Closing Date except that the "Termination Date" identified therein shall be five year from the Closing Date for such Additional Warrants.

"Permitted ATM" means any "at-the-market" offering whereby the Company or any Subsidiary sells equity securities at a future determined price (other than standard and customary "preemptive" or "participation" rights).

"Permitted Indebtedness" has the meaning ascribed to such term in Section 3.01(j).

"Permitted Liens" has the meaning ascribed to such term in Section 3.01(o).

"Prior $1,000,000 Debt" means the senior secured Indebtedness owed to the Chief Executive Officer of the Company and a private investor.

"Prior $1,000,000 Debt Payment Restrictions" has the meaning that no principal payments will be made on the Prior $1,000,000 Debt*unless* such payment is made on a proportional basis (based on outstanding principal amounts (after giving effect to OID) with substantially simultaneous payments or prepayments of Notes ("**Repayment Restrictions**").

"Notes" means the 20% OID Senior Secured Convertible Notes in the form of**Appendix A** attached hereto issued by the Company to the Investors hereunder.

"Person" means an individual or corporation, partnership, trust, incorporated or un-incorporated association, joint-venture, limited liability company, joint-stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, in the form of**Appendix C** attached hereto.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.01(e).

"Required Reserve Amount" means: (A) prior to the Stockholder Approval Date (as defined in Section 4.03), 1,000,000 shares; and (B) from and after the Stockholder Approval Date 400% of the maximum number of Underlying Shares issuable upon conversion or exercise of the Securities then outstanding, as applicable, as of each applicable date of determination (without taking into account any limitations on such conversions or exercises as set forth in the Securities).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC" means the U.S. Securities and Exchange Commission.

"SEC Reports" has the meaning ascribed to such term in 3.01(h).

"Securities" means the Notes and the Warrants.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Agreement" means the Security Agreement, dated as of the date hereof, in the form of **Appendix D** attached hereto.

"State Securities Laws" means the securities (or "blue sky") rules, regulations, or other similar laws of a particular state.

"Subscription Amount" means, as to each Investor, the aggregate amount to be paid for Securities purchased hereunder as specified below such Investor's name on the signature page of this Agreement and next to the heading "Subscription Amount," in United States Dollars and in immediately available funds.

"Subsequent Financing" means any securities issuance (other than in an Exempt Issuance or pursuant to any Transaction Document), incurrence of Indebtedness or any other loan or debt or equity financing agreement or arrangement of or for the Company or any Subsidiary that is consummated after the Closing Date.

"Subsidiary" means any direct or indirect subsidiary of the Company as set forth on Section 3.01(a) and shall, where applicable, include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"TA Reservation Letters" means the letters with respect to the reservation of the Required Reserve Amount of Underlying Shares in the form of **Appendix E** attached hereto executed by the Company, Lead Investor, and the transfer agent of the Common Stock, the first letter to be delivered by the Company to the Transfer Agent to reserve 1,000,000 shares within one (1) business day of Closing, and the second letter to increase the total reserve to four hundred percent (400%) of the maximum aggregate number of Underlying Shares (Notes and Warrants) based on $3.75MM (after OID) be delivered by the Company to the Transfer Agent within one (1) business day of Stockholder Approval. Lead Investor agrees upon request to provide written instructions to the Transfer Agent that Underlying Shares may be taken out of reserve and shall no longer be subject to the terms of the TA Reservation Letters within two (2) Business Days of full repayment or conversion of the Notes.

"Transaction Documents" means this Agreement, the Notes, the Warrants, the Registration Rights Agreement, the Security Agreement, the TA Reservation Letter and all appendices, exhibits and schedules hereto and thereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Warrants" means the Warrants to Purchase Common Stock in the form of **Appendix B** attached hereto issued by the Company to the Investors hereunder.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of or otherwise pursuant to the Warrants.

"Underlying Shares" means the Conversion Shares and the Warrant Shares.

"VRT Transaction" means any (i) transaction in which the Company or any Subsidiary issues or sells any convertible securities either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the Common Stock at any time after the initial issuance of such convertible securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such convertible securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) the entry into any agreement (including, without limitation, an equity line of credit but excluding a Permitted ATM) whereby the Company or any Subsidiary may sell securities at a future determined price (other than standard and customary "preemptive" or "participation" rights).

ARTICLE II
PURCHASE AND SALE

Section 2.01 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Investors, severally and not jointly, agree to purchase Securities. At the Closing, the Investors shall deliver, via wire transfer, immediately available funds equal to the Investors' aggregate Subscription Amounts to the Company and the Company shall issue and deliver to each Investor its Securities. The Company and each Investor shall deliver the other items set forth in Section 2.02 deliverable at the Closing. Upon satisfaction of the conditions set forth in Sections 2.02 and 2.03, the Closing shall occur at the offices of the Company's counsel, or such other location as the parties shall mutually agree or may be closed remotely by electronic delivery of documents. The Closing Date for any Securities shall be the date indicated on the applicable Investor's signature page attached hereto as **Annex A**

Section 2.02 Closing Deliverables.

(a) By Each Investor. On or prior to the Closing Date, each Investor shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Investor;

(ii) the Registration Rights Agreement duly executed by such Investor;

(iii) the Security Agreement duly executed by such Investor, and

(iv) such Investor's Subscription Amount by wire transfer to the Company pursuant to the wiring instructions set forth in Section 2.03(c); *provided* that the Lead Investor shall (a) for the account of the Company, directly pay REDACTED to the Lead Investor's counsel as provided in Section 5.02 on the Closing Date and directly pay REDACTED to REDACTED as provided in Section 4.02 and (b) deduct such amount from its Subscription Amount otherwise payable to the Company hereunder.

(b) By the Company. On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Investor:

(i) this Agreement, duly executed by an authorized officer of behalf of the Company;

(ii) a Note registered in the name of each relevant Investor duly executed by an authorized officer on behalf of the Company and having an Original Principal Amount equal to the amount obtained by *dividing*: (a) such Investor's Subscription Amount by (b) 100% *minus* the OID;

(iii) a Warrant registered in the name of each relevant Investor duly executed by an authorized officer on behalf of the Company and being initially exercisable for a number of shares of Common Stock (subject to adjustment as provided therein) equal to the amount obtaining by *dividing*: (a) seventy percent (70%) of the Original Principal Amount of such Investor's Note(s) by (b) fifty cents ($0.50);

(iv) the Registration Rights Agreement duly executed by an authorized officer on behalf of the Company;

(v) the Security Agreement duly executed by an authorized officer on behalf of the Company and each of its Subsidiaries Nebula Genomics, Inc., ProPhase BioPharma, Inc., and TK Supplements, Inc.;

(vi) the TA Reservation Letter executed and delivered by an authorized offer on behalf of the Company and the transfer agent of the Common Stock;

(vii) the Company confirms that the holders of the Prior $1,000,000 Debt have agreed in writing to: (A) the Prior $1,000,000 Debt Repayment Restrictions and (B) the full subordination of the Prior $1,000,000 Debt to the Notes;

(viii) an officer's certificate of the Company certifying the Company's and each of its Subsidiaries party to the Security Agreement: (A) certified certificate of incorporation; (B) good standing certificate in the jurisdiction of its incorporation, subject to a tax payment plan in the case of the Company; (C) bylaws; and (D) resolutions of the Board approving and authorizing the execution, delivery and performance of the Transaction Documents and the transactions contemplated thereby.

Section 2.03 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of each Investor's representations and warranties contained herein;

(ii) all obligations, covenants and agreements of each Investor required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Investor of the items set forth in Section 2.02(a) of this Agreement.

(b) The respective obligations of the Investors hereunder in connection with the Closing are subject to the following conditions being met (it being understood that the Company may waive any of the conditions for any Closing hereafter):

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by the Company of the items set forth in Section 2.02(b) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

(c) The wiring instructions for the Company are as follows:

Bank Name: REDACTED
Bank Address: REDACTED
ABA No.: REDACTED
Account No.: REDACTED
SWIFT/BIC code: REDACTED
Acct. Name: REDACTED
Reference: [Investor Name]

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that, except as set forth in the SEC Reports and/or Disclosure Schedules, the following representations are true and complete as of the date of the date hereof.

(a) Subsidiaries. The Company does not have any direct or indirect subsidiaries other than as set forth in the SEC Reports.

(b) Organization and Qualification. The Company is an entity duly incorporated, validly existing and in good standing under the laws of the State of Delaware, subject to owing a tax balance that has been disclosed and is on a payment plan, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company is not in violation or default of any of the provisions of its articles of incorporation or bylaws, each, as amended and in effect. A complete and correct copy of the Company's certificate or articles of incorporation and bylaws, each as amended and in effect on the date of this Agreement and as they will be in effect on the Closing Date, is attached to the officer's certificate referenced in Section 2.02(b)(ix). There are no other organizational or charter documents of the Company. Each of the Company and its Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document; (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company or any of its material assets or lines of business, individually; or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "**Material Adverse Effect**") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification; *provided, however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions, (ii) conditions generally affecting the industry in which the Company or any Subsidiary operates, (iii) any changes in financial or securities markets in general, (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof, (v) any pandemic, epidemics or human health crises (including COVID-19), (vi) any changes in applicable laws or accounting rules, (vii) the announcement, pendency or completion of the transactions contemplated by the Transaction Documents, or (viii) any action required or permitted by the Transaction Documents or any action taken (or omitted to be taken) with the written consent of or at the written request of the Investors holding a majority in Original Principal Amount of the Notes then outstanding (including the Lead Investor, if then a holder of any Notes).

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board or the Company's stockholders (except as provided in Section 4.03) in connection therewith other than in connection with the Required Approvals. Each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents to which it is a party, the issuance and sale of the Securities, the issuance of the Underlying Shares in accordance with the provisions of the Transaction Documents, and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's certificate of incorporation, bylaws or other organizational or charter documents; (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company (other than pursuant to the Security Agreement), or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected; or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and State Securities Laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) such consents, waivers, or authorizations as have been obtained before the Closing; and (ii) the filing of Form D with the Commission and such filings as are required to be made under applicable State Securities Laws (collectively, the "**Required Approvals**").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and/or paid for in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents. The Underlying Shares, when issued in accordance with the terms of the terms of the Securities, will be validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for herein or therein.

(g) Capitalization. The capitalization of the Company is as set forth in the most recent SEC Reports. Since the date of the most recently filed SEC Report, other than as disclosed in Form D, filed on July 7, 2025, the Company has not issued any Common Stock, Common Stock Equivalents or other equity interests (other than Exempt Issuances) or (without duplication) pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed SEC Report. Except in instances where valid waivers have been obtained, no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as set forth in the SEC Reports, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Common Stock or the capital stock of any Subsidiary, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional Common Stock or Common Stock Equivalents or capital stock of any Subsidiary. The issuance and sale of the Securities and Underlying Shares will not obligate the Company or any Subsidiary to issue Common Stock or other securities to any Person (other than holders of Securities) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except for the Required Approvals, as provided in Section 4.03, and waivers that have heretofore been obtained, no further approval or authorization of any stockholder, the Board or others is required for the issuance and sale of the Securities and Underlying Shares. There are no stockholder agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**SEC Reports**"). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("**GAAP**"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal year-end audit adjustments.

(i) Undisclosed Liabilities. Each of the Company and its Subsidiaries has no material liability, Indebtedness, obligation, expense, claim, deficiency or guaranty of any type, whether accrued, absolute, contingent, matured, unmatured or otherwise, required to be reflected in financial statements in accordance with GAAP, which individually or in the aggregate: (A) has not been reflected in the latest balance sheet included in the financial statements referenced hereinabove; or (B) has not arisen: (i) in the ordinary course of business, consistent with past practices, since the date of the latest balance sheet included in such financial statements in an amount that does not exceed $25,000 in any one case or $50,000 in the aggregate, (ii) pursuant to or in connection with this Agreement or other Transaction Document, or (c) are executory performance obligations to be performed after the date hereof in the ordinary course of business pursuant to agreement(s) entered into in the ordinary course of business, consistent with past practices. Each of the Company and its Subsidiaries is not in default with respect to any Indebtedness.

(j) Material Changes. Since the date of the latest financial statements included in the SEC Reports: (A) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (B) neither the Company nor any of its Subsidiaries has incurred any Indebtedness or other liabilities (contingent or otherwise) other than (i) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (ii) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP, and (iii) Permitted Additional Debt (collectively, " **Permitted Indebtedness**"); (C) the Company has not altered their method of accounting; (D) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock except; and (E) the Company and its Subsidiaries have not issued any equity securities except in favor of an officer, director or consultant pursuant to an existing Company equity incentive plans.

(k) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, or any of their respective properties or assets, before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "**Action**") which: (A) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents; or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. None of the Company, any of its Subsidiaries or any director or officer thereof, is or has been the subject of any Action involving: (x) a claim of violation of or liability under the Securities Act, the Exchange Act, FINRA rules or any State Securities Laws; (y) breach of fiduciary duty; or (z) fraud (statutory or common law), embezzlement, misappropriation or conversion of property or rights, or any other crime involving deceit.

(l) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Effect. None of the employees of the Company or any of its Subsidiaries is a member of a union that relates to such employee's relationship with the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement. The Company believes that its relationships with its employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non- competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. To the best of the Company's knowledge, the Company and each of its Subsidiaries is in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(m) Compliance. Except as disclosed set forth in the SEC Reports, each of the Company and its Subsidiaries (i) is neither in default under nor in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company under), nor has the Company received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived); (ii) is not in violation of any order of any court, arbitrator or governmental body; and (iii) is not and has not been in material violation of any statute, law, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business and all such laws that affect the environment.

(n) Regulatory Permits. The Company and its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct its business, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and the Company has not received any notice of proceedings relating to the revocation or modification of any Material Permit.

(o) Title to Assets. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title in all personal property owned by it that, in each case, is material to the business of the Company and its Subsidiaries, in each case free and clear of all Liens, except for the Liens that the Company is aware of and has disclosed on Schedule 3.01(o) (collectively, "**Permitted Liens**"): (i) Permitted Liens (as such term is defined in the Security Agreement); and (ii) Liens disclosed in the SEC Reports that do not materially and adversely interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries. Any real property and facilities held under lease by the Company or a Subsidiary is held by it under valid, subsisting and enforceable leases with which the Company or such Subsidiary (as applicable) are in compliance. For any known or unknown UCC financing statement(s) that currently exist naming the Company as "Debtor", the Company cannot increase its Indebtedness to the party named as the "Secured Party in such UCC financing statement(s). The existence of any unknown UCC is not an Event of Default; provided that RDM files a UCC-3 Amendment, Assignment, Continuation, or Termination of a Financing Statement.

(p) Patents and Trademarks. (i) The Company and/or a Subsidiary thereof has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or material for use in connection with its business and which the failure to so have could reasonably be expected to have a Material Adverse Effect (collectively, the "**Intellectual Property Rights**"); (ii) the Company has not received a notice (written or otherwise) that any of the Intellectual Property Rights violates or infringes upon the intellectual property rights of any other Person; (iii) all Intellectual Property Rights are enforceable by the Company and/or a Subsidiary thereof, and there is no existing infringement by any other Person of any of the Intellectual Property Rights, except where the failure to be so enforceable or for such infringements as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iv) the Company has taken reasonable security measures to protect the secrecy, confidentiality and value of all of such Intellectual Property Rights, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) Transactions with Officers, Directors and Employees. None of the officers or directors of the Company or any of its Subsidiaries and, to the knowledge of the Company, none of the employees of the Company or any of its Subsidiaries, is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from, any such officer, director or employee or, to the knowledge of the Company, any entity in which any such officer, director or employee has a substantial interest or is an officer, director, trustee, member or partner, in each case other than for: (x) payment of salary or fees for services rendered; (y) reimbursement for expenses incurred on behalf of the Company; and (z) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Intentionally Omitted.

(q) Private Placement. Assuming the accuracy of the Investors' representations and warranties set forth in Section 3.02, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Investors as contemplated hereby.

(r) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities will not be or be an Affiliate of, an 'investment company' within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not be an "investment company" subject to registration under such Act.

(s) Registration Rights. Other than pursuant to the Transaction Documents, no Person has any right to demand the Company to file a registration statement under the Securities Act covering the sale of any securities of the Company.

(t) Disclosure. Except with respect to: (i) the material terms and conditions of the transactions contemplated by the Transaction Documents; and (ii) information given to the Investors, if any, which the Company hereby confirms will not constitute material non-public information, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Investors or their respective agents or counsel with any information that it believes constitutes or might constitute material, nonpublic information. The Company understands and confirms that the Investors will rely on the foregoing representation in effecting transactions in securities of the Company. All disclosure furnished by or on behalf of the Company to the Investors regarding the Company, its business and the transactions contemplated hereby, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(u) No Integrated Offering. Assuming the accuracy of the Investors' representations and warranties set forth in Section 3.02, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act which would require the registration of any such securities under the Securities Act.

(v) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature; (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof; and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company will not, after the Closing Date, incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). Except as disclosed in the SEC Reports, the Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date.

(w) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries have filed all federal, state and foreign income and franchise tax returns and have paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or any of its Subsidiaries.

(x) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities or Underlying Shares by any form of general solicitation or general advertising. The Company has offered the Securities and Underlying Shares for sale only to the Investors and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(y) Insurance. The Company and its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company reasonably believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. The Company has never been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will not be able to renew all existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers.

(z) Acknowledgment Regarding Investors' Purchase of Securities. The Company acknowledges and agrees that each of the Investors is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Investor is acting as a financial adviser or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Investor or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Investors' purchase of the Securities. The Company further represents to each Investor that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(aa) No Disqualification Events. With respect to Securities to be offered and sold hereunder in reliance on Rule 506(b) under the Securities Act ("Regulation D Securities"), none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of twenty percent (20%) or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person" and, together, "Issuer Covered Persons") is subject to any of the 'Bad Actor' disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished to the Investors a copy of any disclosures provided thereunder.

(bb) Other Covered Persons. The Company is not aware of any person (other than any Issuer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.

(cc) Notice of Disqualification Events. The Company will notify the Investors in writing, prior to the Closing Date of: (i) any Disqualification Event relating to any Issuer Covered Person; and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.

(dd) Foreign Corrupt Practices. Neither the Company, any of its Subsidiaries nor, to the knowledge of the Company, no agent or other person acting on behalf of the Company or any of its Subsidiaries, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds; (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law; or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act.

(ee) Office of Foreign Assets Control. Neither the Company, any of its Subsidiaries nor, to the Company's knowledge, any director, officer, agent, employee or Affiliate of the Company or any of its Subsidiaries, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(ff) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon an Investor's request.

(gg) Bank Holding Company Act. Neither the Company nor any of its Affiliates is subject to the Bank Holding Company Act of 1956, as amended ("BHCA") and to regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve"). Neither the Company nor any of its Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(hh) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "**Money Laundering Laws**"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ii) Representations. The representations and warranties of the Company contained in this Agreement, and the certificate(s) furnished or to be furnished to the Investors at the Closing, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. The Company acknowledges and agrees that the representations contained in Section 3.02 shall not modify, amend or affect such Investor's right to rely on the Company's representations and warranties contained in this section 3.01 or elsewhere in this Agreement or any representations and warranties contained in any other Transaction Document, or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transactions contemplated hereby.

Section 3.02 Representations and Warranties of the Investors.

Each Investor, for itself and for no other Investor, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Authority; Organization. Such Investor has full power and authority (and, if such Investor is an individual, the capacity) to enter into this Agreement and to perform all obligations required to be performed by it hereunder. If an entity, such Investor is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Investor of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate or similar action on the part of such Investor. Each Transaction Document to which it is a party has been duly executed by such Investor, and when delivered by such Investor in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Investor, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Investor understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable State Securities Law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities, any Underlying Shares or any part thereof in violation of the Securities Act or any applicable State Securities Law, has no present intention of distributing any of the Securities or Underlying Shares in violation of the Securities Act or any applicable State Securities Law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of the same in violation of the Securities Act or any applicable State Securities Law (it being understood that this representation and warranty not limiting such Investor's right to sell the Securities and Underlying Shares in compliance with applicable federal and State Securities Laws). Such Investor is acquiring the Securities hereunder in the ordinary course of its business for its own account.

(c) Non-Transferrable. Such Investor agrees: (i) that the Investor will not sell, assign, pledge, give, transfer or otherwise dispose of the Securities or Underlying Shares or any interest therein, or make any offer or attempt to do any of the foregoing, except pursuant to a registration of the Securities under the Securities Act and all applicable State Securities Laws, or in a transaction which is exempt from the registration provisions of the Securities Act and all applicable State Securities Laws, (ii) that the certificates representing the Securities and Underlying Shares will bear a legend making reference to the foregoing restrictions, and (iii) that the Company and its Affiliates shall not be required to give effect to any purported transfer of Securities or Underlying Shares except upon compliance with the foregoing restrictions.

(d) Investor Status. Such Investor is an "accredited investor" as defined in Rule 501(a) under Regulation D of the Securities Act. The undersigned agrees to furnish any additional information requested by the Company or any of its Affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of the Securities. Any information that has been furnished or that will be furnished by the undersigned to evidence its status as an accredited investor is accurate and complete, and does not contain any misrepresentation or material omission.

(e) Experience of Such Investor. Such Investor, either alone or together with its representatives, has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Investor is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(f) No Trading Market. Such Investor acknowledges that there is currently no trading market for the Securities and that none is expected to develop.

(g) General Solicitation. Such Investor undersigned acknowledges that neither the Company nor any other person offered to sell the Securities to it by means of any form of general solicitation or advertising, including, but not limited to: (i) any advertisement, article, notice, or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(h) Confidentiality. Other than to other Persons party to this Agreement and its advisors who have agreed to keep information confidential or have a fiduciary obligation to keep such information confidential, such Investor has maintained the confidentiality of all disclosures made to it in connection with the transaction (including the existence and terms of this transaction).

(i) Foreign Investor. If such Investor is not a United States person, such Investor represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including: (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Securities. The Investor further represents that its payment for, and its continued beneficial ownership of the Securities, will not violate any applicable securities or other laws of its jurisdiction.

(j) Information from Company. Such Investor and its investment managers, if any, have been afforded the opportunity to obtain any information necessary to verify the accuracy of any representations or information presented by the Company in this Agreement and have had all inquiries to the Company answered, and have been furnished all requested materials, relating to the Company and the Offering and sale of the Securities and anything set forth in the Transaction Documents. Neither the Investor nor the Investor's investment managers, if any, have been furnished any offering literature by the Company or any of its Affiliates, associates, or agents other than the Transaction Documents, and the agreements referenced therein.

(k) Short Sale Limitation. Each Investor covenants and agrees that, for so long as such Investor holds any Notes, Warrants, or other securities convertible into or exercisable for shares of Common Stock of the Company, neither such Investor nor any of its Affiliates shall, at any time, maintain a net short position (whether through direct short sales, synthetic positions using derivatives, or otherwise) in excess of 4.99% of the Company's aggregate outstanding shares of Common Stock, as calculated on a fully diluted basis. For the purposes of this provision, "net short position" means the excess of the number of shares of Common Stock that such Investor and its Affiliates have sold short over the number of shares they beneficially own and may convert or exercise, as determined in accordance with Regulation SHO under the Exchange Act and the Listing Rules of the Nasdaq Capital Market.

(l) Speculative Nature of Investment; Risk Factors. **SUCH INVESTOR UNDERSTANDS THAT AN INVESTMENT IN THE SECURITIES INVOLVES A HIGH DEGREE OF RISK.** Such Investor acknowledges that: (i) any projections, forecasts or estimates as may have been provided to the Investor are purely speculative and cannot be relied upon to indicate actual results that may be obtained through this investment; any such projections, forecasts and estimates are based upon assumptions which are subject to change and which are beyond the control of the Company or its management, (ii) the tax effects which may be expected by this investment are not susceptible to absolute prediction, and new developments and rules of the Internal Revenue Service, audit adjustment, court decisions or legislative changes may have an adverse effect on one or more of the tax consequences of this investment, and (iii) the Investor has been advised to consult with his own advisor regarding legal matters and tax consequences involving this investment. The Investor represents that the Investor's investment objective is speculative in that the Investor seeks the maximum total return

through an investment in a broad spectrum of securities, which involves a higher degree of risk than other investment styles and therefore the Investor's risk exposure is also speculative. The Securities offered hereby are highly speculative and involve a high degree of risk and Investor should only purchase these securities if Investor can afford to lose their entire investment.

(m) Money Laundering. If an entity, the operations of such Investor are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Money Laundering Laws, and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

The Company acknowledges and agrees that the representations contained in Section 3.02 shall not modify, amend or affect such Investor's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV
OTHER AGREEMENTS OF THE PARTIES

Section 4.01 Transfer Restrictions.

(a) The Securities and Underlying Shares may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities or Underlying Shares other than pursuant to an effective registration statement or Rule 144, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor to the effect that such transfer does not require registration of such transferred Securities or Underlying Shares under the Securities Act.

(b) The Investors agree to the imprinting, so long as is required by this Section 4.01, of a legend on any of the Securities and Underlying Shares in the following form:

> [NEITHER] THIS SECURITY [NOR THE SECURITIES [INTO/FOR] WHICH THIS SECURITY IS [CONVERTIBLE/EXERCISABLE] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

(c) Upon the Investor's request in connection with a proposed sale of Underlying Shares pursuant to Rule 144 and if the Company reasonably determines it is so required, upon receipt of customary documentation from Investor's broker (if the Underlying Shares are sold in brokers transactions), the Company shall, at its own cost and effort, retain legal counsel to provide an opinion letter to the Company's transfer agent opining that the Underlying Shares may be resold without registration under the Securities Act, pursuant to Rule 144, promulgated thereunder, so long as the requirements of Rule 144 are met for any Underlying Shares to be resold thereunder. The Company shall arrange for any such opinion letter to be provided not later than two (2) Business Days after the date of delivery to and receipt by the Company of a written request by any Investor together with (if required in order to render the opinion) any broker's representation letter of other customary documentation reasonably requested by the Company evidencing compliance with Rule 144 (the "**Legend Removal Date**"), and such opinion letter may be a "blanket" opinion letter covering Underlying Shares held by more than one Investor (if applicable to more than one Investor).

(d) Each Investor, severally and not jointly with the other Investors, agrees that such Investor will sell Securities and Underlying Shares only pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities or Underlying Shares are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.01 is predicated upon the Company's reliance upon this understanding.

Section 4.02 Use of Proceeds. The Company: (i) may use the proceeds from the sale of the Securities for working capital and general corporate purposes, and (ii) shall use proceeds to pay off RDM to have RDM file a UCC-3 Amendment, Assignment, Continuation, or Termination of a Financing Statement.

Section 4.03 Stockholder Approval. From and after the date hereof the Company shall use its best efforts to either (x) if the Company shall have obtained the prior written consent of the requisite stockholders (the "**Stockholder Consent**") to obtain the Stockholder Approval (as defined below), inform the stockholders of the Company of the receipt of the Stockholder Consent by preparing and filing with the SEC an information statement with respect thereto distributed to the Company's Stockholders not less than twenty (20) days prior to the Stockholder Approval Deadline (as hereinafter defined) or (y) provide each stockholder entitled to vote at a special meeting of stockholders of the Company (which may also be at the annual meeting of stockholders) (the "**Stockholder Meeting**"), which shall be promptly called and held not later than September 18, 2025 (the "**Stockholder Approval Deadline**"), a proxy statement or information statement (as applicable). The proxy statement, if any, shall solicit each of the Company's stockholder's affirmative vote at the Stockholder Meeting for approval of resolutions ("**Stockholder Resolutions**") providing for (i) the issuance of all of the Underlying Shares in excess of 19.99% of the number of the Company's issued and outstanding shares of Common Stock at a price less than the minimum price required by the Company's current Trading Market, in compliance with the rules and regulations of such Trading Market (without regard to any limitation on conversion or exercise thereof), and (ii) authorization to increase the authorized Common Stock of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserve Amount (such affirmative approval being referred to herein as the "**Stockholder Approval**", and the date such Stockholder Approval is obtained, the "**Stockholder Approval Date**"), and, in the case of a Stockholder Meeting, the Company shall use its best efforts to solicit its stockholders' approval of such resolutions and to cause the Board to recommend to the stockholders that they approve such resolutions. The Company shall be obligated to seek to obtain the Stockholder Approval by the Stockholder Approval Deadline. If the Stockholder Approval is not obtained on or prior to the Stockholder Approval Deadline: (i) the Company shall cause an additional Stockholder Meeting to be held on or prior to the thirtieth (30^{th}) calendar day following the failure to obtain Stockholder Approval, and (ii) shall thereafter (if necessary) cause repeated and further additional Stockholder Meetings to be held on successive 30-day intervals following the failure to obtain Stockholder Approval until Stockholder Approval is obtained. Until Stockholder Approval is obtained, the Company shall not issue shares in excess of 19.99% of the Company's outstanding Common Stock at a per share price less than the minimum price required by the Company's current principal Trading Market.

Section 4.04 Reservation of Shares.

(a) Within one (1) Business Day of Stockholder Approval, and so long as any of the Securities remain outstanding, the Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than the Required Reserve Amount of shares of Common Stock; provided that at no time shall the number of shares of Common Stock reserved pursuant to this Section 4.04 be reduced other than proportionally in connection with any conversion, exercise and/or payment as applicable, of Securities. If at any time after the Stockholder Approval Deadline the number of shares of Common Stock authorized and reserved for issuance is not sufficient to meet the Required Reserve Amount, the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares,

including, without limitation, calling a special meeting of stockholders to authorize additional shares to meet the Company's obligations pursuant to the Transaction Documents, in the case of an insufficient number of authorized shares, obtain stockholder approval of an increase in such authorized number of shares, and voting the management shares of the Company in favor of an increase in the authorized shares of the Company to ensure that the number of authorized shares is sufficient to meet the Required Reserve Amount.

(b) Insufficient Authorized Shares. Notwithstanding Section 4.04(a), and not in limitation thereof, if at any time after the Stockholder Approval Deadline while any of the Securities remain outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion or exercise of the Securities at least a number of shares of Common Stock equal to the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized Common Stock and to cause the Board to recommend to the stockholders that they approve such proposal. On or after November 18, 2025, in the event that the Company is prohibited from issuing shares of Common Stock pursuant to the terms of the Securities due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "**Authorized Failure Shares**"), in lieu of delivering such Authorized Failure Shares to the Holder, the Company shall pay cash in exchange for the redemption of such portion of the Conversion Amount of Notes (as defined therein) converted and/or Exercise Price of Warrants (as defined therein) exercised (as applicable) in such Authorized Failure Shares at a price equal to the product of (1) 150% and (2) the sum of: (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date the Holder delivers the applicable notice(s) of conversion and/or exercise (as applicable) with respect to such Authorized Failure Shares to the Company and ending on the date of such issuance and payment under this Section 4.04(b); and (ii) to the extent the Purchaser purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Purchaser of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith. Nothing contained in Section 4.04(a) or this Section 4.04(b) shall limit any obligations of the Company under any provision of the Transaction Documents. For purposes of the foregoing "**Closing Sale Price**" means, for any security as of any date, the last closing trade price, for such security on the principal Trading Market (or other market) therefor, as reported by Bloomberg, or, if such Trading Market (or other market) begins to operate on an extended hours basis and does not designate the closing trade price then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if such principal Trading Market (or other market) is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Lead Investor. All such determinations shall be appropriately adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions during such period.

Section 4.05 Mandatory Paydown of Notes.

(a) Subsequent Financing. Upon the consummation by the Company or any of its Subsidiaries of any Subsequent Financing (other than a Permitted ATM or other Permitted Additional Debt) while any Notes remain outstanding, the Lead Investor may require that the Company shall utilize and apply one hundred percent (100%) of the net cash proceeds thereof to the payment or prepayment of the Premium Amount of the Notes (as defined therein).

(b) Permitted ATM. Upon the consummation by the Company or any of its Subsidiaries of any Permitted ATM while any Notes remain outstanding, the Lead Investor may require that the Company shall utilize and apply up to twenty-five percent (25%) of the net cash proceeds thereof to the payment or prepayment of the Premium Amount of the Notes (as defined therein).

(c) Asset Sales. Upon the consummation by the Company or any of its Subsidiaries of any Asset Sale while any Notes remain outstanding, the Lead Investor may require that the Company shall utilize and apply one hundred percent (100%) of the net cash proceeds thereof to the payment or prepayment of the Payment Amount of the Notes.

(d) Pro Rata Payments. All net cash proceeds required by the Lead Investor to be applied to the payment or prepayment of Notes shall be offered and paid to all Investors holding Notes who wish to accept such payment or prepayment *pro rata* in proportion to the respective Original Principal Amounts of their respective Notes.

Section 4.06 Most-Favored Nations. So long as any obligations of the Company under the Transaction Documents are outstanding, upon any issuance of (or announcement of intent to effect an issuance of) any security or amendment to (or the Company's announcement of intent to effect an amendment to) any security that was originally issued before the date hereof by the Company or any Subsidiary, with any term that the Lead Investor reasonably believes is more favorable to the purchaser(s) of such security than to the Investors under the Transaction Documents, or with a term in favor of the purchaser(s) of such security that the Lead Investor reasonably believes was not similarly provided to the Investors under the Transaction Documents, then: (i) the Company shall notify the Investors of such additional or more favorable term within three (3) Business Days of the issuance and/or amendment (as applicable) of the respective security; and (ii) such term, at each Investor's option, shall become a part of the Transaction Documents with such Investor(s) (regardless of whether the Company complied with the notification provision of this Section 4.06). The types of terms contained in another security that may be more favorable to the purchaser(s) of such security include, but are not limited to, terms addressing conversion price, discounts and adjustments thereof, prepayment rate, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, commitment shares, warrant coverage and warrant exercise price. If any Investor elects to have the term become a part of the Transaction Documents with such Investor, then the Company shall immediately deliver acknowledgment of such adjustment in form and substance reasonably satisfactory to such Investor (the "**Acknowledgment**") within three (3) business days of Company's receipt of request from Purchaser (the "Adjustment Deadline"), provided that Company's failure to timely provide the Acknowledgement shall not affect the automatic amendments contemplated hereby. Notwithstanding the foregoing, if and whenever on or after the date of this Agreement the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or in accordance with this Section 4.06 is deemed to have granted, issued or sold, any shares of Common Stock (including the granting, issuance or sale of shares of Common Stock owned or held by or for the account of the Company, issued or sold or deemed to have been granted, issued or sold) for a consideration per share (the "**New Issuance Price**") less than a price equal to the Conversion Price and/or Exercise Price in effect immediately prior to such granting, issuance or sale or deemed granting, issuance or sale (such Conversion Price then in effect is referred to herein as the "**Applicable Price**") (the foregoing a "**Dilutive Issuance**"), then, immediately after such Dilutive Issuance, the Conversion Price and/or Exercise Price (as applicable) then in effect shall be reduced to an amount equal to the New Issuance Price.

Section 4.07. Rollover Rights. So long as any Note is outstanding, if the Company completes any single public offering or private placement of its equity, equity-linked or debt securities (each, a "**Future Transaction**"), the each Investor may, in its sole discretion, elect to apply as purchase consideration for such Future Transaction: (i) all, or any portion, of the then Premium Amount of such Investor's Note(s), and (ii) any Warrants and other securities of the Company then held by such Investor, at their fair value (the "**Rollover Rights**"). The Company shall give written notice to the Investors, but in no event less than fifteen (15) days before the anticipated closing date of such Future Transaction. Each Investor may exercise its Rollover Rights by providing the Company written notice of such exercise within five (5) Business Days before the closing of the Future Transaction. In the event that any Investor exercises its Rollover Rights, then such elected portion with respect to (i) and (ii) above, shall automatically convert into the corresponding securities issued in such Future Transaction under the terms of such Future Transaction, such that the Purchaser will receive all securities (including, without

limitation, any warrants) issuable under the Future Transaction.

Section 4.08. Rights of First Refusal.

(a) Additional Notes. Investors holding outstanding Notes shall have a pro rata right of first refusal on the purchase of Additional Notes, if any are or are to be issued, on the same terms, any Additional Notes that the Company proposes to issue. The Company shall provide written notice by email to the email address in the Notice Provision, Section 5.04, to each Investor of the proposed issuance of Additional Notes, which notice shall include all material terms of the proposed issuance. Each Investor shall have five (5) business days from receipt of such notice to respond in writing to exercise its right to purchase all or a portion of such Additional Notes. Failure of an Investor to respond within such five (5) business day period shall constitute a waiver of such Investor's right of first refusal with respect to such issuance only. If the Investors, collectively, elect to purchase more than the total amount of Additional Notes offered, then each participating Investor shall be allocated a pro rata portion of the Additional Notes based on the then outstanding Original Principal Amount of Notes held by such Investor relative to the then outstanding Original Principal Amount of Notes held by all participating Investors (or as otherwise mutually agreed among the participating Investors).

(b) Equity Line of Credit. In addition, the Lead Investor will have the right of first refusal on providing to the Company any equity line of credit for the period commencing on the Closing Date and ending on the later of (i) the first anniversary of the Closing Date (ii) the first date on which no Notes remain outstanding The Company shall provide written notice by email to the Lead Investor to the email address in the Notice Provision, Section 5.04 of any proposed equity line of credit facility, which notice shall include all material terms of the proposed facility. The Lead Investor shall have five (5) business days from receipt of such notice to respond in writing to exercise its right to provide such equity line of credit. Failure of the Lead Investor to respond within such five (5) business day period shall constitute a waiver of the Lead Investor's right of first refusal with respect to such equity line of credit facility only. The Company shall not establish an equity line of credit with any third party on terms more favorable than those offered to the Lead Investor.

Section 4.09 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Underlying Shares may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Shares pursuant to the Securities, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Investor and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

Section 4.10 Registration Rights and Security Agreements. The Company shall cause the Registration Rights Agreement and Security Agreement to remain in full force and effect and the Company shall comply in all material respects with the terms thereof.

Section 4.11 Integration. The Company shall not sell, offer for sale, or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities to the Investors in a manner that would require the registration under the Securities Act of the sale of the Securities to the Investors.

Section 4.12 Publicity. The Company and each Investor shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Investor shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company with respect to any press release of any Investor, or without the prior consent of each Investor with respect to any press release of the Company mentioning such Investor, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

Section 4.13 Indemnification of Investors. The Company shall indemnify, reimburse and hold harmless the Investors and their respective partners, members, stockholders, officers, directors, employees and agents (and any other persons with other titles that have similar functions) (collectively, "**Indemnitees**") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from: (i) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents and (ii) any action instituted against such Indemnitee in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Indemnitee, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Indemnitee's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Indemnitee may have with any such stockholder or any violations by such Indemnitee of state or federal securities laws or any conduct by such Indemnitee which results from the gross negligence or willful misconduct of the Indemnitee as determined by a final, non-appealable decision of a court of competent jurisdiction).

Section 4.14 Keystone ELOC. As long as any Warrants remain outstanding, unless the holder(s) of a majority of the then outstanding Warrants (including the Lead Investor, if it then holds any Warrants) shall have otherwise given their prior written consent, the Company shall not, directly or indirectly, draw on or otherwise utilize its existing Equity Line of Credit with Keystone Capital Partners, LLC.

Section 4.15. If the Company has now or in the future forms or has any Subsidiary not a party to the Security with $1.00 or more in assets, such Subsidiary shall promptly provide notice thereof to the Lead Investor, execute and deliver to the Secured Parties the Security Agreement and one or more UCC financing statements that shall be filed against such Subsidiary.

Section 4.16. Participation in Subsequent Financings. The Company shall permit Investors holding outstanding Notes to participate (on a pro rata basis in proportion to the respective Original Principal Amount of Notes) in fifty percent (50%) of each Subsequent Financing (other than a Future Transaction, as defined in Section 4.07), and the Company shall apply all or any part of the Payment Amount (or, if an Event of Default shall have previously occurred under the Notes, the Premium Amount), as determined by each participating Investor, that would otherwise be payable to such Investor under its Note(s) on a dollar-for-dollar basis against the purchase price of the securities or Indebtedness to be purchased by investors in such Subsequent Placement.

ARTICLE V
MISCELLANEOUS

Section 5.01 Termination. This Agreement may be terminated by any Investor, as to such Investor's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Investors, by written notice to the other parties, if the Closing has not been consummated for such Investor within five (5) Business Days of its execution of this Agreement; provided, however, that such termination will not affect the right of any party to sue for any breach by the other party (or parties).

Section 5.02 Fees and Expenses. Except as provided in this Section 5.02, the Company and the Investors shall bear their own expenses incurred in connection with its negotiation, preparation, execution, delivery and performance of the Transaction Documents, including, without limitation, reasonable attorneys' and consultants' fees and expenses, transfer agent fees, fees for stock quotation services, fees relating to any amendments or modifications of the Transaction Documents or any consents or waivers of provisions in the Transaction Documents, fees for the preparation of opinions of counsel, escrow fees, and costs of restructuring the transactions contemplated by the

Transaction Documents. The Company shall bear (as provided in Section 2.02(a)(iv)) $50,000 for the fees and expenses of the Lead Investor's counsel in connection with the negotiation, preparation, execution, delivery and performance of the Transaction Documents, payable as a holdback of $50,000 out of the Closing.

Section 5.03 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

Section 5.04 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by or email:

if to an Investor:
To the address set forth on such Investor's signature page hereto;

with a copy (that shall not constitute notice) to:
REDACTED

if to the Company:
ProPhase Labs, Inc.
626 RXR Plaza, 6th Floor
Uniondale, New York 11556
Attn: Ted Karkus, CEO
Email: karkus@prophaselabs.com

with a copy (that shall not constitute notice) to:
REDACTED

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above.

Section 5.05 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented, or amended except in a written instrument signed, in the case of an amendment, by the Company and the Investors holding at least a majority in Original Principal Amount of the Notes then outstanding (including the Lead Investor, if then a holder of any Notes) or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

Section 5.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Investor (other than by merger). Any Investor may assign any or all of its rights under this Agreement to any Person to whom such Investor assigns or transfers any Securities, provided that such transfer complies with all applicable federal and State Securities Laws and that such transferee agrees in writing with the Company to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Investors."

Section 5.07 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

Section 5.08 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, stockholders, employees or agents) shall be commenced exclusively by arbitration be administered by Mediation and Civil Arbitration, Inc. d/b/a RapidRuling (www.rapidruling.com) in accordance with its Commercial Arbitration Rules effective at the time a claim is made, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitrators shall be appointed by RapidRuling. The place of arbitration shall be Wilmington, Delaware, and any hearing shall be held via video or telephone conference. The parties hereto agree that no objection shall be taken to the decision, order or award of the tribunal following any such hearing on the basis that the hearing was held by video or telephone conference. The parties hereto consent to electronic service of process, with service to be made to the following email addresses the Company: karkus@prophaselabs.com, with a copy to REDACTED, and Lead Investor: REDACTED. All such service of process may come from the opposing party's email listed here, efile@rapidruling.com. The parties hereto shall list all said email addresses as "safe senders" (or other whitelist) and are responsible to check their "SPAM" and "junk" type incoming messages on a daily basis. In any such arbitration award, the arbitrator shall require the breaching party (if any), as finally determined by the arbitrator, to pay the non-breaching Party's costs and expenses (including such nonbreaching party's reasonable attorneys' fees, arbitration costs, court costs, and other expenses) associated with enforcing the Agreement and collecting any judgment related thereto. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

Section 5.09 No Broker-Dealer Acknowledgement. Absent a final adjudication from a court of competent jurisdiction stating otherwise, so long as any obligation of the Company under the Notes or any other Transaction Documents is outstanding, the Company shall not state, claim, allege, or in any way assert to any person, institution or entity, that any Investor is currently, or ever has been, a broker-dealer under the Exchange Act.

Section 5.10 Opportunity to Consult with Counsel. The Company and the Investors each represents and acknowledges that it has been provided with the opportunity to discuss and review the terms of the Notes and the other Transaction Documents with its counsel before signing it and that it is freely and voluntarily signing the Transaction Documents in exchange for the benefits provided herein. In light of this, each of the Company and the Investors will not contest the validity of Transaction Documents and the transactions contemplated therein. Each of the Company and the Investors further represents and acknowledges that it has been provided a reasonable period of time within which to review the terms of the Transaction Documents.

Section 5.11 Non-Circumvention. The Company covenants and agrees that it will not, by amendment of its certificate of formation, certificate of incorporation, operating agreement, or bylaws (collectively the "Corporate Governance Documents"), or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of the Notes or any other Transaction Document, and will at all times in good faith carry out all the provisions thereof take all action as may be required to protect the rights of the Investors. Without limiting the generality of the foregoing, the Company: (i) shall not increase the par value of the Underlying Shares above the Conversion Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Stock upon the

conversion of the Notes and exercise of the Warrants and (iii) shall be prohibited from amending its Corporate Governance Documents in any way to reduce authorized shares or from reducing the share reserve amount at the transfer agent.

Section 5.12 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

Section 5.13 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof.

Section 5.14 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

Section 5.15 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Investor exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Investor may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of a conversion of a Note, the Investor shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice.

Section 5.16 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

Section 5.17 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investors and the Company will be entitled to seek specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

Section 5.18 Payment Set Aside. To the extent that the Company makes a payment or payments to any Investor pursuant to any Transaction Document or an Investor enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Section 5.19 Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance or non-performance of the obligations of any other Investor under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. Each Investor has been represented by its own separate legal counsel in their review and negotiation of the Transaction Documents. The Company has elected to provide all Investors with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by the Investors.

Section 5.20 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

Section 5.21 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 5.22 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

[**SIGNATURE PAGES FOLLOW**]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date below.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

INVESTORS:

The Investors executing the Signature Page in the form attached hereto as **Annex A-1** or **Annex A-2** and delivering the same to the Company or its agents shall be deemed to have executed this Agreement and agreed to the terms hereof.

Annex A-1

Securities Purchase Agreement Investor Counterpart Signature Page

The undersigned, desiring to: (i) enter into this Securities Purchase Agreement dated as of July 22, 2025 (the "**Agreement**"), with the undersigned, ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), in or substantially in the form furnished to the undersigned and (ii) purchase the Securities as set forth below, hereby agrees to purchase such Securities from the Company as of the Closing and further agrees to join the Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations in this Agreement's section entitled "Representations Warranties of the Investors", and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as an Investor.

INVESTOR (*if an individual*):

By _____
Name:
Date:

INVESTOR (*if investing jointly*)

By _____
Name:
Date:

INVESTOR (*if an entity*):

_____
REDACTED

By _____
Name:
Title:
Date: _____

Subscription Amount: $**2,500,000**
SSN/EIN/ITIN: _____

Annex A-2

Securities Purchase Agreement Investor Counterpart Signature Page

The undersigned, desiring to: (i) enter into this Securities Purchase Agreement dated as of July 22, 2025 (the "**Agreement**"), with the undersigned, ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), in or substantially in the form furnished to the undersigned and (ii) purchase the Securities as set forth below, hereby agrees to purchase such Securities from the Company as of the Closing and further agrees to join the Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations in this Agreement's section entitled "Representations Warranties of the Investors", and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as an Investor.

INVESTOR (*if an individual*):

By _____
Name:
Date:

INVESTOR (*if investing jointly*)

By _____
Name:
Date:

INVESTOR (*if an entity*):

_____
REDACTED

By _____
Name:
Title:
Date: _____

Subscription Amount: $**500,000**
SSN/EIN/ITIN: _____

APPENDIX A

Form of Notes

APPENDIX B

Form of Warrants

APPENDIX C

Form of Registration Rights Agreement

APPENDIX D

Form of Security Agreement

APPENDIX E

Disclosure Schedule 3.01(o)

(UCC Liens)

New York State

202407025945792	07/02/2024
202502115167553	02/11/2025
202409176295890	09/17/2024
202304285595783	04/28/2023
202305265748419	5/26/2023

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: July 22, 2025	Subscription Amount:	$	2,500,000
Scheduled Maturity Date: July 22, 2026	Original Issue Discount:	$	625,000
Original Interest Discount: 20%	Original Principal Amount:	$	3,125,000

PROPHASE LABS, INC.
20% OID SENIOR SECURED CONVERTIBLE NOTE

THIS 20% OID SENIOR SECURED CONVERTIBLE NOTE is one of a series of duly authorized and validly issued senior secured promissory notes of ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), designated as its 20% OID Senior Secured Convertible Notes (this note, the "**Note**" and, collectively with the other notes of such series, the "**Notes**").

FOR VALUE RECEIVED, the Company promises to pay to **REDACTED,** or its registered assigns (the "**Holder**"), the principal sum of $3,125,000 (the "**Original Principal Amount**") on the earlier to occur the Scheduled Maturity Date set forth hereinabove, or such earlier date as this Note is required or permitted to be repaid as provided hereunder or under the Purchase Agreement (as defined below) (as the case may be, the "**Maturity Date**"). This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note: (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings:

"Applicable Rate" means ten percent (10%) prior to the occurrence of an Event of Default and twenty-four percent (24%) from and after the occurrence of any Event of Default.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York are generally are open for use by customers on such day.

"Conversion" means a conversion of this Note pursuant to Section 5.

"Conversion Amount" shall have the meaning set forth in Section 5.

"Conversion Date" means the date on or after the Convertibility Date of any Conversion in accordance with the terms of this Note.

"Conversion Price" means, as of any Conversion Date, the lower of: (A) the greater of (1) eighty percent (80%) of the VWAP of the Common Stock for such Conversion Date and (2) the Floor Price, and (B) the Maximum Conversion Price.

"Conversion Shares" with respect to any Conversion, a number of shares of Common Stock equal to the number obtained (rounded up to the nearest whole share) by *dividing* the Conversion Amount thereof *by* the Conversion Price.

"Convertibility Date" means the earlier to occur of: (i) the date that is four (4) months after the Original Issue Date, and (ii) the Maturity Date; and (ii) such earlier date as may be approved in advance by the Company.

"Default Amount" means the product of: (A) the sum of (1) the outstanding Original Principal Amount of this Note,*plus* (2) all accrued and unpaid interest (including compounded interest) thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document,*plus* (4) all other costs and expenses due under or in respect of this Note, if any, and (B)(1) 112% until the one-month anniversary of the relevant Event(s) of Default, (2) 124% from and after the two month anniversary of the relevant Event(s) of Default, and (3) 136% from and after three- month anniversary of the relevant Event(s) of Default.

"Event of Default" shall have the meaning set forth in Section 7.

"Floor Price" means the product of: (A)(i) prior to the Stockholder Approval Date, 50%, and (ii) on and after the Stockholder Approval Date, 20%; and (B) the lesser of: (i) the last closing price of the Common Stock immediately preceding the date of this Agreement, and (ii) the average closing price of the Common Stock on for the five Trading Days immediately preceding the date of this Agreement; *provided* that from and after the occurrence of any Event of Default under Section 7(h) hereof the Floor Price shall be zero ($0).

"Interest Payment Date" means the 28th day of each calendar month from and after the Original Issue Date.

"Maximum Conversion Price" means $1.25.

"Note Register" shall have the meaning set forth in Section 2(d).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Payment Amount" means 100% of the sum of: (1) the outstanding Original Principal Amount of this Note,*plus* (2) all accrued and unpaid simple interest thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document,*plus* (4) all other costs and expenses due under or in respect of this Note, if any.

"Premium Amount" means 110% of the sum of: (1) the outstanding Original Principal Amount of this Note, *plus* (2) all accrued and unpaid interest(including compounded interest) thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document, *plus* (4) all other costs and expenses due under or in respect of this Note, if any.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of July 16, 2025, by and among the Company and the original Holders, as amended, modified, or supplemented from time to time in accordance with its terms.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(b)(ii).

"Trading Day" means any day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed for trading or quoted on the date in question: the NYSE, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, or the Nasdaq Global Select Market (or any successors of any of the foregoing).

"VWAP" means, for any Conversion Date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the lowest daily volume weighted average price of the Common Stock within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)) (or a similar organization or agency succeeding to its functions of reporting prices), (b) if the Common Stock is not then listed or quoted for trading on a Trading Market, the lowest volume weighted average price of the Common Stock within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on a Trading Market, OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the lowest bid price per share of the Common Stock so reported within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Section 2. Payments; Interest, Etc.

(a) Payment. The entire unpaid Payment Amount shall be due and payable on the Maturity Date;*provided* that if an Event of Default shall have previously occurred (whether before or after the Maturity Date) then the Default Amount shall become immediately due and payable. The Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law.

(b) Interest. Interest shall accrue on the outstanding Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) at an annual rate equal to the Applicable Rate. Such interest shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the issue of this Note until payment (or conversion) in full of the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount). Interest shall cease to accrue with respect to any Notes converted hereunder, *provided* that the Company actually delivers the Conversion Shares within the time period required hereunder. Payments of interest hereunder will be paid to the Person in whose name this Note is registered on the Note Register.

(c) Voluntary Prepayment. The Company may prepay this Note in full at any time after the Original Issue Date in an amount equal to the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount). Voluntary prepayment shall not be offered to any holder of Notes unless voluntary prepayment is offered on a *pro rata* basis to all holders of Notes on identical terms. The Company shall give at least five (5) days' prior written notice to Holder of such proposed prepayment by email to the Holder and Lead Investor (the latter at REDACTED and REDACTED), and Holder may, by written Notice of Conversion to the Company delivered on or before 4:00 p.m. (New York City time) on the fifth day (5th) after such notice of proposed prepayment by email to REDACTED, elect to convert up to $500,000 of the outstanding principal balance of this Note into Conversion Shares hereunder.

(d) Note Register. All payments and prepayments hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "**Note Register**"). Upon the payment in full of the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) in accordance with the terms of this Note, or full Conversion of this Note, the Holder shall promptly surrender this Note to or as directed by the Company.

Section 3. Registration of Transfers and Exchanges.

(a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

(b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

(c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Negative Covenants.

As long as any portion of this Note remains outstanding, unless the holder(s) of a majority in Original Principal Amount of the then outstanding Notes (including the Lead Investor, if it then holds any Notes) shall have otherwise given their prior written consent, the Company shall not, directly or indirectly:

(a) change the nature of its business without approval of majority in Original Principal Amount of the then outstanding Notes (including the Lead Investor, if it then holds any Notes) unless the Notes shall be repaid or converted in full;

(b) effect any Asset Sale with respect to twenty percent (20%) or more of the total assets of the Company and its Subsidiaries*unless* the net cash proceeds thereof are in excess of the aggregate outstanding Original Principal Amount of all Notes and Permitted Additional Debt then outstanding and all applied and utilized in

accordance with Section 4.05(c) of the Purchase Agreement;

(c) enter into any VRT Transactions (other than a Permitted ATM);

(d) enter into or accept any new "merchant-cash-advances (MCA) or similar financing instruments having an Annual Percentage Rate (APR) in excess of thirty percent (30%);

(e) enter into, create, incur, assume, guarantee or suffer to exist any Indebtedness that is senior to or (other than Permitted Additional Debt)*pari passu* with the Notes on a contractual basis and/or the Lien on the Collateral (as defined in the Security Agreement);

(f) amend its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder unless consented to by the Holder;

(g) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents other than as to (i) repurchases of Common Stock or Common Stock Equivalents of departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $25,000 for all officers and directors during the term of this Note, or (ii) shares of Common Stock and Common Stock Equivalents which do not vest or are otherwise forfeited, provided (in case of forfeiture) that such Common Stock and Common Stock Equivalents are not acquired for cash;

(h) repay, repurchase or offer to repay, repurchase or otherwise acquire any secured Indebtedness other than the Notes and Prior $1,000,000 Debt (on a pro rata basis as permitted under the Purchase Agreement) and other than regularly scheduled interest payments with respect to Permitted Additional Debt (for the sake of clarity, any existing unsecured debt, trade payables and working capital expenses can be paid back in the ordinary course of business);

(i) pay cash dividends or distributions on any of its Common Stock equity securities of the Company;

(j) create, permit or suffer to exist any Lien on any of its or any Subsidiaries properties and assets other than (x) Permitted Liens and (y) Liens that are fully subordinated to the Liens granted under the Security Agreement;

(k) enter into any material transaction with any Affiliate of the Company, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval); or

(l) enter into any agreement with respect to any of the foregoing.

Section 5. Conversion.

(a) Optional Conversion. From and after the Convertibility Date, the Holder shall have the right, at the Holder's option, to convert the entire Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) of this Note (as the case may be, the "**Conversion Amount**") into Conversion Shares by following the mechanics of conversion set forth in Section 5(b).

(b) Mechanics of Conversion.

(i) Conversion Notice. Holder may, at any time and from time to time from and after the Convertibility Date, convert all or any portion of the Conversion Amount of this Note into Conversion Shares at the Conversion Price, by delivering to the Company: (A) written notice of its election to convert this Note pursuant to this Section 5, including the Conversion Amount, and (B) in the case of a Conversion of the entire Conversion Amount of this Note, the original Note instrument (or a notice to the effect that such original Note has been lost, stolen or destroyed).

(ii) Delivery of Conversion Shares upon Conversion. With respect to each Conversion of this Note, the Company shall deliver, or cause to be delivered, to the Holder the Conversion Shares no later than the date that is the earlier of: (i) two (2) Business Days after the delivery to the Company of the notice of such Conversion; and (ii) the number of Trading days comprising the Standard Settlement Period after the delivery to the Company of such (such date, the "**Share Delivery Date**"). As used herein, "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the notice of Conversion.

(iii) Failure to Deliver Conversion Shares. If the Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such Conversion Shares to rescind the Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Company the Conversion Shares (if any) issued to such Holder pursuant to the rescinded Conversion Notice.

(iv) Obligation Absolute; Partial Liquidated Damages. The Company's obligations to issue and deliver the Conversion Shares upon Conversion of this Note on the relevant Share Delivery Date in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any set off, counter claim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person (unless the Conversion would violate any law applicable to the Company), and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; *provided, however,* that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Note shall elect to convert any or all of the Conversion Amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the greater of (i) the Default Amount of this Note and (ii) the converted value of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of such injunction, the Company shall issue Conversion Shares or, if applicable, cash, upon a properly noticed Conversion. If the Company fails for any reason to deliver to the Holder such Conversion Shares pursuant to Section 5(b)(ii) by the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Conversion Amount being converted, the sum of (1) $20 per Trading Day (increasing to $35 per Trading Day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion, and (2) the product of (i) the number of Conversion Shares issuable upon such conversion and (ii) the difference between the highest trade price and the lowest trade price during the period beginning on the Conversion Date of such Conversion and the date on which the Conversion Shares are delivered to Holder's prime broker and are available to be sold. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Note remains outstanding. Nothing herein shall prohibit the Holder from seeking to enforce damages pursuant to any other section hereof or under applicable law.

(v) Fractional Shares: No fractional shares or scrip representing fractional shares shall be issued upon any Conversion. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon any Conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(vi) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, *provided* that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holder of this Note so converted. The Company shall pay all transfer agent fees required for same-day processing of any conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Conversion Shares.

(c) Holder's Conversion Limitations. The Company shall not affect any Conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to such Conversion, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon Conversion of this Note, but shall exclude the number of shares which are issuable upon conversion of the unconverted or unexercised portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any Warrants) beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 5(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 5(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which Conversion Amount of this Note is convertible shall be in the sole discretion of the Holder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 5(c), in determining the number of outstanding Common Stock, the Holder may rely on the number of outstanding Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company, or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note and any Warrants, by the Holder or its Affiliates since the date as of which such number of outstanding Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of Common Stock issuable upon Conversion of this Note. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 5(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of Common Stock upon Conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 5(c) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. Notwithstanding the foregoing, in the event the Holder elects to increase the Beneficial Ownership Limitation above 4.99%, the Holder covenants and agrees that, without the prior written consent of the Company, it shall not, directly or indirectly, act in concert with, form a "group" (as defined in Section 13(d)(3) of the Exchange Act), or otherwise coordinate or collaborate with any other person or entity that is a filer or required to be a filer under Schedule 13D with respect to the Common Stock of the Company, in any manner that is intended to or would reasonably be expected to oppose, challenge, or act in a manner adverse to the Company's management or Board. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

Section 6. Certain Adjustments.

(a) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in Common Stock on Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any Common Stock issued by the Company upon conversion of, or payment of interest on, the Notes), (ii) subdivides outstanding Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Maximum Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 5 shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re classification.

(b) Fundamental Transactions. If, at any time while this Note is outstanding: (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which, at any time while this Note is outstanding on or after the date of the occurrence (if any) of an Event of Default, holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding Common Stock (not including any Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "**Fundamental Transaction**"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 5(c) on the Conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock issuable upon Conversion of this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation). For purposes of any such conversion, the determination of the Maximum Conversion Price and/or Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Company under this Note and the other Transaction

Documents (as defined in the Purchase Agreement) in accordance with the provisions of this Section 6(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Common Stock acquirable and receivable upon Conversion of this Note (without regard to any limitations in Section 5(c) on the Conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

(c) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

(d) Adjustment to Conversion Price. Whenever the Conversion Price or Maximum Conversion Price is adjusted pursuant to any provision of this Section 6, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price and/or Maximum Conversion Price (as applicable) after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 7. Events of Default.

It shall be considered an event of default if any of the following events listed in this Section 4 (each, an "Event of Default") shall occur:

(a) Failure to Pay Principal or Interest**.** The Company fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise.

(b) Failure to Reserve or Deliver Shares. (1) The Company fails to reserve the Required Reserve Amount of shares of Common Stocks Stock required under the terms of the Purchase Agreement, fails to issue Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Company directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note subject to regulations (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph), or fails to supply an opinion letter specific to the fact that Common Stock issued pursuant to conversion of the Note, as well as the shares issued pursuant to the Warrant are exempt from Registration Requirements pursuant to Rule 144, and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Company to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Company to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Company's transfer agent in order to process a conversion, such advanced funds shall be paid by The Company to the Holder within five (5) business days of a demand from the Holder, either in cash or as an addition to the outstanding Principal Amount of the Note, and such choice of payment method is at the discretion of The Company. (2) The Company establishes a reserve of its Common Stock for the benefit of a party other than the Holder, without obtaining prior approval in writing by the Lead Investor.

(c) Breach of Covenants. The Company, or the relevant related party, as the case may be, breaches any covenant, post-closing obligation or other term or condition contained in any Transaction Document that has a Material Adverse Effect.

(d) Breach of Representations and Warranties. Any representation or warranty of the Company made herein or in any agreement, statement or certificate given pursuant hereto or in connection herewith, shall be false or misleading in any respect when made and the breach of which has (or with the passage of time will have) a Material Adverse Effect.

(e) Receiver or Trustee. The Company or any Subsidiary of the Company shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed, except as part of the Crown Medical Collection initiative.

(f) Judgments or Settlements. (1) Any money judgment, writ or similar process shall be entered or filed against the Company or any Subsidiary of the Company or any of its property or other assets for more than $500,000, and shall remain unvacated, unbonded or unstayed for a period of thirty (30) days unless otherwise consented to by the Holder; or (2) the settlement of any claim or litigation, creating an obligation on the Company in amount over $2,000,000.

(g) Bankruptcy. The bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief shall be instituted by or against the Company or any Subsidiary of the Company, except any filing related to the Company's Crown Medical Collections initiative.

(h) Delisting of Common Stocks. If at any time on or after the date hereof, (i) the Company shall fail to maintain the listing or quotation of the Common Stock on a national securities exchange or any tier of the over-the-counter market maintained by OTC Markets Group, Inc. ("OTC") other than the OTC's Expert Market, or (ii) subsequent to an uplisting of the Company's Common Stock to a National Exchange (as defined in the Exchange Act), the Company shall fail to maintain such listing or quotation on a National Exchange.

(i) Failure to Comply with Regulatory Reporting Requirements. The Company fails to be in material compliance with, or ceases to be subject to, the reporting requirements of the Exchange Act (including but not limited to becoming delinquent in its filings).

(j) Change of Control or Liquidation. Any Change of Control of the Company, or the dissolution, liquidation, or winding up of The Company or any substantial

portion of its business. As used herein, a "**Change of Control**" shall be deemed to occur upon the consummation of any of the following events: (a) any person or persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act (other than the Company or any Subsidiary of the Company) shall beneficially own (as defined in Rule 13d-3 for the Exchange Act), directly or indirectly, at least 50% of the total voting power of all classes of capital stock of the Company entitled to vote generally in the election of the Board; (b) Current Directors (as herein defined) shall cease for any reason to constitute at least a majority of the members of the Board (for this purpose, a "**Current Director**" shall mean any member of the Board as of the date hereof and any successor of a Current Director whose election, or nomination for election by the Company's shareholders, was approved by at least a majority of the Current Directors then on the Board); (c) (i) the complete liquidation of the Company or (ii) the merger or consolidation of the Company, other than a merger or consolidation in which (x) the holders of the Common Stock of the Company immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the Common Stocks of the continuing or surviving corporation immediately after such consolidation or merger or (y) the Board immediately prior to the merger or consolidation would, immediately after the merger or consolidation, constitute a majority of the board of directors of the continuing or surviving corporation, which liquidation, merger or consolidation has been approved by the shareholders of the Company; (d) the sale or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of the Company pursuant to an agreement (or agreements) which has (have) been approved by the shareholders of the Company; or (e) the termination of the current Chief Executive Officer of the Company.

(k) Cessation of Operations. Any cessation of operations by the Company or the Company admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Company's ability to continue as a "going concern" shall not be an admission that the Company cannot pay its debts as they become due.

(l) Maintenance of Assets. The failure by the Company to maintain any intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future), to the extent that such failure would result in a Material Adverse Effect.

(m) Financial Statement Restatement. The Company restates any financial statements for any date or period from two years prior to the Original Issue Date and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note.

(n) Challenge to Validity or Enforceability. The Company, the undersigned, or any party acting on their behalf contests, disputes, or otherwise challenges the validity, enforceability, or authorization of this Note or any of the other Transaction Documents, or any obligations arising hereunder or thereunder, or (ii) the Company, the undersigned, or any party acting on their behalf, asserts, directly or indirectly, that the execution, delivery, or performance of this Note, or any of the other Transaction Documents, was not duly authorized.

(o) Illegality. Any court of competent jurisdiction issues an order declaring this Note, any of the other Transaction Documents or any provision hereunder or thereunder to be illegal.

(p) Cross-Default. Notwithstanding anything to the contrary contained in this Note or any of the other Transaction Documents, a breach or default by the Company of any covenant or other term or condition contained in any of the other financial instrument, including but not limited to all promissory notes, currently issued, or hereafter issued, by the Company, to the Holder or any other third party (the "Other Agreements"), after the passage of all applicable notice and cure or grace periods, that results in a Material Adverse Effect shall, at the option of the Holder, be considered a default under this Note, in which event the Holder shall be entitled to apply all rights and remedies of the Holder under the terms of this Note by reason of a default under said Other Agreement or hereunder.

(q) Reverse Splits. The Company effectuates a reverse split of its Common Shares without ten (10) days prior written notice to the Holder.

(r) Replacement of Transfer Agent. In the event that the Company proposes to replace its transfer agent, the Company fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Company and the Company.

(s) DWAC Eligibility. In addition to the Event of Default in Section 4.1.21, the Common Stock is otherwise not eligible for trading through the DTC's Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs, or if the Company is not registered with DTC on the Issue Date, Company fails to become DTC registered within 30 days of the Issue Date.

(t) Inside Information. Unless such information is requested by the Holder, any attempt by the Company or its officers, directors, and/or affiliates to transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Company or its officers, directors, and/or affiliates of, material non-public information concerning the Company, to the Holder or its successors and assigns, which is not immediately cured by Company's filing of a Form 8-K pursuant to Regulation FD on that same date.

(u) Failure of Security Interest. (a) Any material provision of the Security Agreement shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the Company or any Subsidiary intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or any Subsidiary or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Company or any Subsidiary shall deny in writing that it has any liability or obligation purported to be created under the Security and Pledge Agreement; (b) the Security Agreement, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Holder on any Collateral (as defined in the Security Agreement).

(v) Failure to Register Shares. The Company shall fail to cause the Underlying Shares (as defined in the Purchase Agreement) to be registered pursuant to the terms of the Purchase Agreement.

(w) Chief Executive Officer Conduct. The Chief Executive Officer is indicted or arrested for violating any law, rule, regulation, or cease-and-desist order, or is convicted of a criminal offense in a state of federal court (but not including traffic violations or similar offenses) and the arrest or indictment has a Material Adverse Effect.

(x) Section 3(a)(10) Transactions. The Company shall enter into a transaction structured in accordance with, based upon, or related or pursuant to, in whole or in part, Section 3(a)(10) of the Securities Act ("3(a)(10) Transaction").

(y) Failure to Obtain Stockholder Approval. The Company shall fail to obtain the Stockholder Approval by November 22, 2025.

The parties agree that it shall not be an "Event of Default" if a UCC that was unknown is subsequently discovered, on the condition that RDM files UCC-3.

If any Event of Default occurs the Default Amount shall become immediately due and payable in cash, and the Company shall pay to the holders of Notes (pro rata, in

accordance with their respective Original Principal Amounts) an aggregate monthly monitoring fee of $10,000 per month, payable upon the occurrence of such Event of Default and on each Interest Payment Date thereafter. The Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and/or all other Transaction Documents (including the Security Agreement) and all other remedies available to it under applicable law. Any acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment of this Note. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 8. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered personally, by email attachment, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth in the Purchase Agreement, or such other, email address, or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 8(a).

(b) Absolute Obligation; Ranking. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and accrued interest on, as applicable, this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note: (i) is a direct debt obligation of the Company; (ii) ranks *pari-passu* with all other senior obligations of the Company and senior to all subordinated and junior obligations of the Company; and (iii) is secured by the Security Agreement and the Collateral (as defined therein).

(c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be determined in accordance with Section 5.08 of the Purchase Agreement.

(e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by the Company or the Holder must be in writing.

(f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

(g) Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is reasonably requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note.

(h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

(j) Amendments; Waivers. Any modifications, amendments or waivers of the provisions hereof shall be subject to Section 5.05 of the Purchase Agreement.

Section 9. Intentionally Omitted.

Section 10. Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any Action or Proceeding that may be brought by any Holder in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "**Maximum Rate**"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Holder with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Holder to the unpaid principal amount of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Holder's election.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: July 22, 2025	Subscription Amount:	$	500,000
Scheduled Maturity Date: July 22, 2026	Original Issue Discount:	$	125,000
Original Interest Discount: 20%	Original Principal Amount:	$	625,000

PROPHASE LABS, INC.
20% OID SENIOR SECURED CONVERTIBLE NOTE

THIS 20% OID SENIOR SECURED CONVERTIBLE NOTE is one of a series of duly authorized and validly issued senior secured promissory notes of ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), designated as its 20% OID Senior Secured Convertible Notes (this note, the "**Note**" and, collectively with the other notes of such series, the "**Notes**").

FOR VALUE RECEIVED, the Company promises to pay to **REDACTED,** or its registered assigns (the "**Holder**"), the principal sum of $625,000 (the "**Original Principal Amount**") on the earlier to occur the Scheduled Maturity Date set forth hereinabove, or such earlier date as this Note is required or permitted to be repaid as provided hereunder or under the Purchase Agreement (as defined below) (as the case may be, the "**Maturity Date**"). This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note: (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings:

"Applicable Rate" means ten percent (10%) prior to the occurrence of an Event of Default and twenty-four percent (24%) from and after the occurrence of any Event of Default.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York are generally are open for use by customers on such day.

"Conversion" means a conversion of this Note pursuant to Section 5.

"Conversion Amount" shall have the meaning set forth in Section 5.

"Conversion Date" means the date on or after the Convertibility Date of any Conversion in accordance with the terms of this Note.

"Conversion Price" means, as of any Conversion Date, the lower of: (A) the greater of (1) eighty percent (80%) of the VWAP of the Common Stock for such Conversion Date and (2) the Floor Price, and (B) the Maximum Conversion Price.

"Conversion Shares" with respect to any Conversion, a number of shares of Common Stock equal to the number obtained (rounded up to the nearest whole share) by *dividing* the Conversion Amount thereof *by* the Conversion Price.

"Convertibility Date" means the earlier to occur of: (i) the date that is four (4) months after the Original Issue Date, and (ii) the Maturity Date; and (ii) such earlier date as may be approved in advance by the Company.

"Default Amount" means the product of: (A) the sum of (1) the outstanding Original Principal Amount of this Note, *plus* (2) all accrued and unpaid interest (including compounded interest) thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document, *plus* (4) all other costs and expenses due under or in respect of this Note, if any, and (B)(1) 112% until the one-month anniversary of the relevant Event(s) of Default, (2) 124% from and after the two month anniversary of the relevant Event(s) of Default, and (3) 136% from and after three- month anniversary of the relevant Event(s) of Default.

"Event of Default" shall have the meaning set forth in Section 7.

"Floor Price" means the product of: (A)(i) prior to the Stockholder Approval Date, 50%, and (ii) on and after the Stockholder Approval Date, 20%; and (B) the lesser of: (i) the last closing price of the Common Stock immediately preceding the date of this Agreement, and (ii) the average closing price of the Common Stock on for the five Trading Days immediately preceding the date of this Agreement; *provided* that from and after the occurrence of any Event of Default under Section 7(h) hereof the Floor Price shall be zero ($0).

"Interest Payment Date" means the 28th day of each calendar month from and after the Original Issue Date.

"Maximum Conversion Price" means $1.25.

"Note Register" shall have the meaning set forth in Section 2(d).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Payment Amount" means 100% of the sum of: (1) the outstanding Original Principal Amount of this Note, *plus* (2) all accrued and unpaid simple interest thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document, *plus* (4) all other costs and expenses due under or in respect of this Note, if any.

"Premium Amount" means 110% of the sum of: (1) the outstanding Original Principal Amount of this Note, *plus* (2) all accrued and unpaid interest(including compounded interest) thereon, if any, *plus* (3) all liquidated damages due under this Note, the Purchase Agreement or any other Transaction Document, *plus* (4) all other costs and expenses due under or in respect of this Note, if any.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of July 16, 2025, by and among the Company and the original Holders, as amended, modified, or supplemented from time to time in accordance with its terms.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(b)(ii).

"Trading Day" means any day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed for trading or quoted on the date in question: the NYSE, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, or the Nasdaq Global Select Market (or any successors of any of the foregoing).

"VWAP" means, for any Conversion Date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the lowest daily volume weighted average price of the Common Stock within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)) (or a similar organization or agency succeeding to its functions of reporting prices), (b) if the Common Stock is not then listed or quoted for trading on a Trading Market, the lowest volume weighted average price of the Common Stock within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on a Trading Market, OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the lowest bid price per share of the Common Stock so reported within the ten (10) Trading Days immediately prior to such Conversion Date (or the nearest preceding date), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

Section 2. Payments; Interest, Etc.

(a) Payment. The entire unpaid Payment Amount shall be due and payable on the Maturity Date; *provided* that if an Event of Default shall have previously occurred (whether before or after the Maturity Date) then the Default Amount shall become immediately due and payable. The Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law.

(b) Interest. Interest shall accrue on the outstanding Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) at an annual rate equal to the Applicable Rate. Such interest shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the issue of this Note until payment (or conversion) in full of the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount). Interest shall cease to accrue with respect to any Notes converted hereunder, *provided* that the Company actually delivers the Conversion Shares within the time period required hereunder. Payments of interest hereunder will be paid to the Person in whose name this Note is registered on the Note Register.

(c) Voluntary Prepayment. The Company may prepay this Note in full at any time after the Original Issue Date in an amount equal to the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount). Voluntary prepayment shall not be offered to any holder of Notes unless voluntary prepayment is offered on a *pro rata* basis to all holders of Notes on identical terms. The Company shall give at least five (5) days' prior written notice to Holder of such proposed prepayment by email to the Holder and Lead Investor (the latter at REDACTED), and Holder may, by written Notice of Conversion to the Company delivered on or before 4:00 p.m. (New York City time) on the fifth day (5th) after such notice of proposed prepayment by email to REDACTED, elect to convert up to $500,000 of the outstanding principal balance of this Note into Conversion Shares hereunder.

(d) Note Register. All payments and prepayments hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "**Note Register**"). Upon the payment in full of the Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) in accordance with the terms of this Note, or full Conversion of this Note, the Holder shall promptly surrender this Note to or as directed by the Company.

Section 3. Registration of Transfers and Exchanges.

(a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

(b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

(c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Negative Covenants.

As long as any portion of this Note remains outstanding, unless the holder(s) of a majority in Original Principal Amount of the then outstanding Notes (including the Lead Investor, if it then holds any Notes) shall have otherwise given their prior written consent, the Company shall not, directly or indirectly:

(a) change the nature of its business without approval of majority in Original Principal Amount of the then outstanding Notes (including the Lead Investor, if it then holds any Notes) unless the Notes shall be repaid or converted in full;

(b) effect any Asset Sale with respect to twenty percent (20%) or more of the total assets of the Company and its Subsidiaries*unless* the net cash proceeds thereof are in excess of the aggregate outstanding Original Principal Amount of all Notes and Permitted Additional Debt then outstanding and all applied and utilized in accordance with Section 4.05(c) of the Purchase Agreement;

(c) enter into any VRT Transactions (other than a Permitted ATM);

(d) enter into or accept any new "merchant-cash-advances (MCA) or similar financing instruments having an Annual Percentage Rate (APR) in excess of thirty percent (30%);

(e) enter into, create, incur, assume, guarantee or suffer to exist any Indebtedness that is senior to or (other than Permitted Additional Debt)*pari passu* with the Notes on a contractual basis and/or the Lien on the Collateral (as defined in the Security Agreement);

(f) amend its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder unless consented to by the Holder;

(g) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents other than as to (i) repurchases of Common Stock or Common Stock Equivalents of departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $25,000 for all officers and directors during the term of this Note, or (ii) shares of Common Stock and Common Stock Equivalents which do not vest or are otherwise forfeited, provided (in case of forfeiture) that such Common Stock and Common Stock Equivalents are not acquired for cash;

(h) repay, repurchase or offer to repay, repurchase or otherwise acquire any secured Indebtedness other than the Notes and Prior $1,000,000 Debt (on a pro rata basis as permitted under the Purchase Agreement) and other than regularly scheduled interest payments with respect to Permitted Additional Debt (for the sake of clarity, any existing unsecured debt, trade payables and working capital expenses can be paid back in the ordinary course of business);

(i) pay cash dividends or distributions on any of its Common Stock equity securities of the Company;

(j) create, permit or suffer to exist any Lien on any of its or any Subsidiaries properties and assets other than (x) Permitted Liens and (y) Liens that are fully subordinated to the Liens granted under the Security Agreement;

(k) enter into any material transaction with any Affiliate of the Company, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval); or

(l) enter into any agreement with respect to any of the foregoing.

Section 5. Conversion.

(a) Optional Conversion. From and after the Convertibility Date, the Holder shall have the right, at the Holder's option, to convert the entire Payment Amount (or, if an Event of Default shall have previously occurred, the Default Amount) of this Note (as the case may be, the "**Conversion Amount**") into Conversion Shares by following the mechanics of conversion set forth in Section 5(b).

(b) Mechanics of Conversion.

(i) Conversion Notice. Holder may, at any time and from time to time from and after the Convertibility Date, convert all or any portion of the Conversion Amount of this Note into Conversion Shares at the Conversion Price, by delivering to the Company: (A) written notice of its election to convert this Note pursuant to this Section 5, including the Conversion Amount, and (B) in the case of a Conversion of the entire Conversion Amount of this Note, the original Note instrument (or a notice to the effect that such original Note has been lost, stolen or destroyed).

(ii) Delivery of Conversion Shares upon Conversion. With respect to each Conversion of this Note, the Company shall deliver, or cause to be delivered, to the Holder the Conversion Shares no later than the date that is the earlier of: (i) two (2) Business Days after the delivery to the Company of the notice of such Conversion; and (ii) the number of Trading days comprising the Standard Settlement Period after the delivery to the Company of such (such date, the "**Share Delivery Date**"). As used herein, "**Standard Settlement Period**" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the notice of Conversion.

(iii) Failure to Deliver Conversion Shares. If the Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such Conversion Shares to rescind the Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Company the Conversion Shares (if any) issued to such Holder pursuant to the rescinded Conversion Notice.

(iv) Obligation Absolute; Partial Liquidated Damages. The Company's obligations to issue and deliver the Conversion Shares upon Conversion of this Note on the relevant Share Delivery Date in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any set off, counter claim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person (unless the Conversion would violate any law applicable to the Company), and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; *provided, however,* that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Note shall elect to convert any or all of the Conversion Amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the greater of (i) the Default Amount of this Note and (ii) the converted value of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of such injunction, the Company shall issue Conversion Shares or, if applicable, cash, upon a properly noticed Conversion. If the Company fails for any reason to deliver to the Holder such Conversion Shares pursuant to Section

5(b)(ii) by the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Conversion Amount being converted, the sum of (1) $20 per Trading Day (increasing to $35 per Trading Day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion, and (2) the product of (i) the number of Conversion Shares issuable upon such conversion and (ii) the difference between the highest trade price and the lowest trade price during the period beginning on the Conversion Date of such Conversion and the date on which the Conversion Shares are delivered to Holder's prime broker and are available to be sold. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Note remains outstanding. Nothing herein shall prohibit the Holder from seeking to enforce damages pursuant to any other section hereof or under applicable law.

(v) Fractional Shares: No fractional shares or scrip representing fractional shares shall be issued upon any Conversion. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon any Conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(vi) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, *provided* that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holder of this Note so converted. The Company shall pay all transfer agent fees required for same-day processing of any conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Conversion Shares.

(c) Holder's Conversion Limitations. The Company shall not affect any Conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to such Conversion, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon Conversion of this Note, but shall exclude the number of shares which are issuable upon conversion of the unconverted or unexercised portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any Warrants) beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 5(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 5(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which Conversion Amount of this Note is convertible shall be in the sole discretion of the Holder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 5(c), in determining the number of outstanding Common Stock, the Holder may rely on the number of outstanding Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company, or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note and any Warrants, by the Holder or its Affiliates since the date as of which such number of outstanding Common Stock was reported. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of Common Stock issuable upon Conversion of this Note. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 5(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of Common Stock upon Conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 5(c) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. Notwithstanding the foregoing, in the event the Holder elects to increase the Beneficial Ownership Limitation above 4.99%, the Holder covenants and agrees that, without the prior written consent of the Company, it shall not, directly or indirectly, act in concert with, form a "group" (as defined in Section 13(d)(3) of the Exchange Act), or otherwise coordinate or collaborate with any other person or entity that is a filer or required to be a filer under Schedule 13D with respect to the Common Stock of the Company, in any manner that is intended to or would reasonably be expected to oppose, challenge, or act in a manner adverse to the Company's management or Board. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

Section 6. Certain Adjustments.

(a) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in Common Stock on Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any Common Stock issued by the Company upon conversion of, or payment of interest on, the Notes), (ii) subdivides outstanding Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Maximum Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 5 shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re classification.

(b) Fundamental Transactions. If, at any time while this Note is outstanding: (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which, at any time while this Note is outstanding on or after the date of the occurrence (if any) of an Event of Default, holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding Common Stock (not including any Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "**Fundamental Transaction**"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 5(c) on the Conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving

corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock issuable upon Conversion of this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation). For purposes of any such conversion, the determination of the Maximum Conversion Price and/or Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Company under this Note and the other Transaction Documents (as defined in the Purchase Agreement) in accordance with the provisions of this Section 6(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Common Stock acquirable and receivable upon Conversion of this Note (without regard to any limitations in Section 5(c) on the Conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

(c) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

(d) Adjustment to Conversion Price. Whenever the Conversion Price or Maximum Conversion Price is adjusted pursuant to any provision of this Section 6, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price and/or Maximum Conversion Price (as applicable) after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 7. Events of Default.

It shall be considered an event of default if any of the following events listed in this Section 4 (each, an "Event of Default") shall occur:

(a) Failure to Pay Principal or Interest**.** The Company fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise.

(b) Failure to Reserve or Deliver Shares. (1) The Company fails to reserve the Required Reserve Amount of shares of Common Stocks Stock required under the terms of the Purchase Agreement, fails to issue Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Company directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note subject to regulations (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph), or fails to supply an opinion letter specific to the fact that Common Stock issued pursuant to conversion of the Note, as well as the shares issued pursuant to the Warrant are exempt from Registration Requirements pursuant to Rule 144, and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Company to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Company to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Company's transfer agent in order to process a conversion, such advanced funds shall be paid by The Company to the Holder within five (5) business days of a demand from the Holder, either in cash or as an addition to the outstanding Principal Amount of the Note, and such choice of payment method is at the discretion of The Company. (2) The Company establishes a reserve of its Common Stock for the benefit of a party other than the Holder, without obtaining prior approval in writing by the Lead Investor.

(c) Breach of Covenants. The Company, or the relevant related party, as the case may be, breaches any covenant, post-closing obligation or other term or condition contained in any Transaction Document that has a Material Adverse Effect.

(d) Breach of Representations and Warranties. Any representation or warranty of the Company made herein or in any agreement, statement or certificate given pursuant hereto or in connection herewith, shall be false or misleading in any respect when made and the breach of which has (or with the passage of time will have) a Material Adverse Effect.

(e) Receiver or Trustee. The Company or any Subsidiary of the Company shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed, except as part of the Crown Medical Collection initiative.

(f) Judgments or Settlements. (1) Any money judgment, writ or similar process shall be entered or filed against the Company or any Subsidiary of the Company or any of its property or other assets for more than $500,000, and shall remain unvacated, unbonded or unstayed for a period of thirty (30) days unless otherwise consented to by the Holder; or (2) the settlement of any claim or litigation, creating an obligation on the Company in amount over $2,000,000.

(g) Bankruptcy. The bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief shall be instituted by or against the Company or any Subsidiary of the Company, except any filing related to the Company's Crown Medical Collections initiative.

(h) Delisting of Common Stocks. If at any time on or after the date hereof, (i) the Company shall fail to maintain the listing or quotation of the Common Stock on a national securities exchange or any tier of the over-the-counter market maintained by OTC Markets Group, Inc. ("OTC") other than the OTC's Expert Market, or (ii) subsequent to an uplisting of the Company's Common Stock to a National Exchange (as defined in the Exchange Act), the Company shall fail to maintain such

listing or quotation on a National Exchange.

(i) Failure to Comply with Regulatory Reporting Requirements. The Company fails to be in material compliance with, or ceases to be subject to, the reporting requirements of the Exchange Act (including but not limited to becoming delinquent in its filings).

(j) Change of Control or Liquidation. Any Change of Control of the Company, or the dissolution, liquidation, or winding up of The Company or any substantial portion of its business. As used herein, a "**Change of Control**" shall be deemed to occur upon the consummation of any of the following events: (a) any person or persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act (other than the Company or any Subsidiary of the Company) shall beneficially own (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, at least 50% of the total voting power of all classes of capital stock of the Company entitled to vote generally in the election of the Board; (b) Current Directors (as herein defined) shall cease for any reason to constitute at least a majority of the members of the Board (for this purpose, a "**Current Director**" shall mean any member of the Board as of the date hereof and any successor of a Current Director whose election, or nomination for election by the Company's shareholders, was approved by at least a majority of the Current Directors then on the Board); (c) (i) the complete liquidation of the Company or (ii) the merger or consolidation of the Company, other than a merger or consolidation in which (x) the holders of the Common Stock of the Company immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the Common Stocks of the continuing or surviving corporation immediately after such consolidation or merger or (y) the Board immediately prior to the merger or consolidation would, immediately after the merger or consolidation, constitute a majority of the board of directors of the continuing or surviving corporation, which liquidation, merger or consolidation has been approved by the shareholders of the Company; (d) the sale or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of the Company pursuant to an agreement (or agreements) which has (have) been approved by the shareholders of the Company; or (e) the termination of the current Chief Executive Officer of the Company.

(k) Cessation of Operations. Any cessation of operations by the Company or the Company admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Company's ability to continue as a "going concern" shall not be an admission that the Company cannot pay its debts as they become due.

(l) Maintenance of Assets. The failure by the Company to maintain any intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future), to the extent that such failure would result in a Material Adverse Effect.

(m) Financial Statement Restatement. The Company restates any financial statements for any date or period from two years prior to the Original Issue Date and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note.

(n) Challenge to Validity or Enforceability. The Company, the undersigned, or any party acting on their behalf contests, disputes, or otherwise challenges the validity, enforceability, or authorization of this Note or any of the other Transaction Documents, or any obligations arising hereunder or thereunder, or (ii) the Company, the undersigned, or any party acting on their behalf, asserts, directly or indirectly, that the execution, delivery, or performance of this Note, or any of the other Transaction Documents, was not duly authorized.

(o) Illegality. Any court of competent jurisdiction issues an order declaring this Note, any of the other Transaction Documents or any provision hereunder or thereunder to be illegal.

(p) Cross-Default. Notwithstanding anything to the contrary contained in this Note or any of the other Transaction Documents, a breach or default by the Company of any covenant or other term or condition contained in any of the other financial instrument, including but not limited to all promissory notes, currently issued, or hereafter issued, by the Company, to the Holder or any other third party (the "Other Agreements"), after the passage of all applicable notice and cure or grace periods, that results in a Material Adverse Effect shall, at the option of the Holder, be considered a default under this Note, in which event the Holder shall be entitled to apply all rights and remedies of the Holder under the terms of this Note by reason of a default under said Other Agreement or hereunder.

(q) Reverse Splits. The Company effectuates a reverse split of its Common Shares without ten (10) days prior written notice to the Holder.

(r) Replacement of Transfer Agent. In the event that the Company proposes to replace its transfer agent, the Company fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Company and the Company.

(s) DWAC Eligibility. In addition to the Event of Default in Section 4.1.21, the Common Stock is otherwise not eligible for trading through the DTC's Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs, or if the Company is not registered with DTC on the Issue Date, Company fails to become DTC registered within 30 days of the Issue Date.

(t) Inside Information. Unless such information is requested by the Holder, any attempt by the Company or its officers, directors, and/or affiliates to transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Company or its officers, directors, and/or affiliates of, material non-public information concerning the Company, to the Holder or its successors and assigns, which is not immediately cured by Company's filing of a Form 8-K pursuant to Regulation FD on that same date.

(u) Failure of Security Interest. (a) Any material provision of the Security Agreement shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the Company or any Subsidiary intended to be a party thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or any Subsidiary or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Company or any Subsidiary shall deny in writing that it has any liability or obligation purported to be created under the Security and Pledge Agreement; (b) the Security Agreement, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Holder on any Collateral (as defined in the Security Agreement).

(v) Failure to Register Shares. The Company shall fail to cause the Underlying Shares (as defined in the Purchase Agreement) to be registered pursuant to the terms of the Purchase Agreement.

(w) Chief Executive Officer Conduct. The Chief Executive Officer is indicted or arrested for violating any law, rule, regulation, or cease-and-desist order, or is convicted of a criminal offense in a state of federal court (but not including traffic violations or similar offenses) and the arrest or indictment has a Material Adverse Effect.

(x) Section 3(a)(10) Transactions. The Company shall enter into a transaction structured in accordance with, based upon, or related or pursuant to, in whole or in part, Section 3(a)(10) of the Securities Act ("3(a)(10) Transaction").

(y) Failure to Obtain Stockholder Approval. The Company shall fail to obtain the Stockholder Approval by November 22, 2025.

The parties agree that it shall not be an "Event of Default" if a UCC that was unknown is subsequently discovered, on the condition that RDM files UCC-3.

If any Event of Default occurs the Default Amount shall become immediately due and payable in cash, and the Company shall pay to the holders of Notes (pro rata, in accordance with their respective Original Principal Amounts) an aggregate monthly monitoring fee of $10,000 per month, payable upon the occurrence of such Event of Default and on each Interest Payment Date thereafter. The Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and/or all other Transaction Documents (including the Security Agreement) and all other remedies available to it under applicable law. Any acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment of this Note. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 8. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered personally, by email attachment, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth in the Purchase Agreement, or such other, email address, or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 8(a).

(b) Absolute Obligation; Ranking. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and accrued interest on, as applicable, this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note: (i) is a direct debt obligation of the Company; (ii) ranks *pari-passu* with all other senior obligations of the Company and senior to all subordinated and junior obligations of the Company; and (iii) is secured by the Security Agreement and the Collateral (as defined therein).

(c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be determined in accordance with Section 5.08 of the Purchase Agreement.

(e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by the Company or the Holder must be in writing.

(f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

(g) Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is reasonably requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note.

(h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

(j) Amendments; Waivers. Any modifications, amendments or waivers of the provisions hereof shall be subject to Section 5.05 of the Purchase Agreement.

Section 9. Intentionally Omitted.

Section 10. Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any Action or Proceeding that may be brought by any Holder in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "**Maximum Rate**"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances

whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Holder with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Holder to the unpaid principal amount of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Holder's election.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXCERCISABLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

COMMON SHARE PURCHASE WARRANT

PROPHASE LABS, INC.

Warrant Shares: 4,375,000
Issuance Date: July 22, 2025 ("**Issuance Date**")

This COMMON SHARE PURCHASE WARRANT (this "Warrant") certifies that, for value received in connection with the issuance of the senior secured convertible promissory note of even date in the principal amount of $3,125,000 (the "**Note**") by ProPhase Labs, Inc., a corporation organized under the laws of the state of Delaware (the "**Company**"), **REDACTED** (including any permitted and registered assigns, each a "**Holder**"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date of issuance hereof, to purchase from the Company up to 4,375,000 shares of common stock, $0.0005 par value, (the "Common Shares"; and such Common Shares issuable upon exercise of this Warrant, the "**Warrant Shares**") (whereby such number may be adjusted from time to time pursuant to the terms and conditions of this Warrant) at the Exercise Price per share then in effect. This Warrant is issued by the Company in connection with that certain Securities Purchase Agreement, dated as of the Issuance Date, by and between the Company and the original Holder of this Warrant (the "**Purchase Agreement**").

Capitalized terms used in this Warrant shall have the meanings set forth in the Purchase Agreement unless otherwise defined in the body of this Warrant or in Section 12 below. For purposes of this Warrant, the term "**Exercise Price**" shall mean $0.50, subject to adjustment as provided herein (including but not limited to cashless exercise), and the term "**Exercise Period**" shall mean the period commencing on the Issuance Date and ending on 6:00 p.m. eastern standard time on the five-year anniversary thereof.

1. EXERCISE OF WARRANT.

(a) *Mechanics of Exercise.* Subject to the terms and conditions hereof, the rights represented by this Warrant may be exercised in whole or in part at any time or times during the Exercise Period by delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. On or before the third Trading Day (the "**Warrant Share Delivery Date**") following the date on which the Company shall have received the Exercise Notice, and upon receipt by the Company of payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which all or a portion of this Warrant is being exercised (the "**Aggregate Exercise Price**" and together with the Exercise Notice, the "**Exercise Delivery Documents**") in cash or by wire transfer of immediately available funds (or by cashless exercise, in which case there shall be no Aggregate Exercise Price provided), the Company shall (or direct its transfer agent to) issue the number of Warrant Shares to which the Holder is entitled pursuant to such exercise (such number referred to hereinafter as the "**Exercised Amount**" and such shares to be issued referred to hereinafter as the "**Exercised Warrant Shares**"), registered in the Company's share register in the name of the Holder or its designee. At the option of the Holder, such Exercised Warrant Shares shall be issued either (i) in DRS book entry form, (ii) directly into a brokerage account by DWAC transfer (if eligible), or (iii) on one or more certificates dispatched by overnight courier to the address as specified in the Exercise Notice. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the Exercised Amount, then the Company shall as soon as practicable and in no event later than three (3) Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the Exercised Amount.

If at any time after the 6 month anniversary of the Issuance Date, the Market Price of one Common Share is greater than the Exercise Price and the Warrant Shares are not registered under an effective non-stale registration statement of the Company, the Holder may elect to receive Warrant Shares pursuant to a cashless exercise, in lieu of a cash exercise, equal to the value of this Warrant determined in the manner described below (or of any portion thereof remaining unexercised) by surrender of this Warrant and a Notice of Exercise, in which event the Company shall issue to Holder a number of Warrant Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where X = the number of Warrant Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

If the Company fails to cause its transfer agent to transmit to the Holder the respective Warrant Shares by the respective Warrant Share Delivery Date (each, a "**Delivery Failure**"), then the Holder will have the right to rescind such exercise in Holder's sole discretion, and such failure shall be deemed an event of default under the Note to the extent the Note remains outstanding and any portion thereof unpaid, and this Warrant. In addition, and without in any way limiting the Holder's right to pursue other remedies, including but not limited to, actual damages and/or equitable relief, or the foregoing remedies, the parties agree that if the Company causes the Exercised Warrant Shares to not be delivered by the second (2nd) Trading Day following the Warrant Share Delivery Date, Company shall pay to the Holder the greater of (i) for each day after the Share Delivery Date and during such Delivery Failure an amount equal to the greater of (x) $1,000 per day in cash, for each day beyond the Warrant Share Delivery Date that Company fails to deliver such Exercised Warrant Shares, or (y) 2% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled (the "**Undelivered Shares**"), multiplied by (B) any trading price of the Common Stock selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date (the "**Undelivered Shares Value**"), or (ii) the excess of the product of (A) the Undelivered Shares, multiplied by (B) the Undelivered Shares Value, over the aggregate value of the Common Stock actually delivered to the Holder based on the lowest trading price of the Common Stock during the five (5) trading days following the date that such Common Shares are actually issued to the Holder. Such amount shall either be paid in cash to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to Company by the first day of the month following the month in which it has accrued), as follows: (1) in the event that the Note remains outstanding

and any portion thereof unpaid, such amount shall be added to the principal amount of the Note, in which event interest shall accrue thereon in accordance with the terms of the Note and such additional principal amount shall be convertible into Common Shares in accordance with the terms of the Note; (2) in the event that the Note is no longer outstanding and no portion thereof remains unpaid, such amount shall be payable in Common Shares based on the number of shares that would have been due under (1) above, had the Note been outstanding, and pursuant to a conversion of such amount added to the principal amount of the Note. Company agrees that the right to exercise is a valuable right to the Holder, and as such, Company will not take any actions to hamper, delay or prevent any Holder exercise of this Warrant. The damages resulting from a failure, attempt to frustrate, interference with such exercise right are difficult if not impossible to qualify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this section are justified.

(b) *No Fractional Shares.* No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Warrant Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then-current fair market value of a Warrant Share by such fraction.

(c) *Holder's Exercise Limitations.* The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to issuance of Warrant Shares upon exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation, as defined below. For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the Holder and its Affiliates shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Common Shares which would be issuable upon (i) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including without limitation any other Common Share Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this paragraph (d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this paragraph applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination.

For purposes of this paragraph, in determining the number of outstanding Common Shares, a Holder may rely on the number of outstanding Common Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of Common Shares outstanding. Upon the request of a Holder, the Company shall within two Trading Days confirm to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its affiliates since the date as of which such number of outstanding Common Shares was reported. The "**Beneficial Ownership Limitation**" shall initially be 4.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase this Beneficial Ownership Limitation, provided, however, that in no event shall the Beneficial Ownership Limitation exceed 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to such exercise.. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this Section shall continue to apply unless and until modified as set forth herein and shall apply to any successor holder of this Warrant. Notwithstanding the foregoing, in the event the Holder elects to increase the Beneficial Ownership Limitation above 4.99%, the Holder covenants and agrees that, without the prior written consent of the Company, it shall not, directly or indirectly, act in concert with, form a "group" (as defined in Section 13(d)(3) of the Exchange Act), or otherwise coordinate or collaborate with any other person or entity that is a filer or required to be a filer under Schedule 13D with respect to the Common Stock of the Company, in any manner that is intended to or would reasonably be expected to oppose, challenge, or act in a manner adverse to the Company's management or Board of Directors. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation.

2. ADJUSTMENTS. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) *Distribution of Assets.* If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including without limitation any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Shares entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction (i) the numerator of which shall be the Closing Sale Price of the Common Shares on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one Common Share, and (ii) the denominator of which shall be the Closing Sale Price of the Common Shares on the Trading Day immediately preceding such record date; and

(ii) the number of Warrant Shares shall be increased to a number of shares equal to the number of Common Shares obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Shares entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i); provided, however, that in the event that the Distribution is of Common Shares of a company (other than the Company) whose common stock is traded on a national securities exchange or a national automated quotation system ("Other Shares of Common Stock"), then the Holder may elect to receive a warrant to purchase Other Shares of Common Stock in lieu of an increase in the number of Warrant Shares, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the number of Other Shares of Common Stock that would have been payable to the Holder pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an aggregate exercise price equal to the product of the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i) and the number of Warrant Shares calculated in accordance with the first part of this clause (ii).

(b) Proportional Adjustments of Outstanding Common Shares and Common Share Dividends. If the Company shall at any time or from time to time after the date hereof, issue additional Common Shares to all of its current shareholders on a pro rata basis or pay a share dividend in Common Shares, then the Exercise Price and the number of Warrant Shares shall be proportionately adjusted. Any adjustments under this Section 2(b) shall be effective at the close of business on the date the share split becomes effective or the date of payment of the share dividend, as applicable. For the avoidance of doubt, this adjustment shall not apply when shares of outstanding Common

Share are merged proportionally across all shareholders to form a smaller number of outstanding shares.

3. FUNDAMENTAL TRANSACTIONS. If, at any time while this Warrant is outstanding, (i) the Company effects any merger of the Company with or into another entity and the Company is not the surviving entity (such surviving entity, the "**Successor Entity**"), (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or by another individual or entity, and approved by the Company) is completed pursuant to which holders of Common Shares are permitted to tender or exchange their Common Shares for other securities, cash or property and the holders of at least 50% of the Common Shares accept such offer, or (iv) the Company effects any reclassification of the Common Shares or any compulsory share exchange pursuant to which the Common Shares are effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of Common Shares) (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive the number of Common Shares of the Successor Entity or of the Company and any additional consideration (the "**Alternate Consideration**") receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a holder of the number of Common Shares for which this Warrant is exercisable immediately prior to such event (disregarding any limitation on exercise contained herein solely for the purpose of such determination). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Common Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any Successor Entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration.

4. NON-CIRCUMVENTION. The Company covenants and agrees that it will not, by amendment of its certificate of formation, certificate of incorporation, operating agreement, or bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Common Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Shares upon the exercise of this Warrant, and (iii) shall, for so long as this Warrant is outstanding, have authorized and reserved, free from preemptive rights, a sufficient number of Common Shares to provide for the exercise of the rights represented by this Warrant (without regard to any limitations on exercise).

5. WARRANT HOLDER NOT DEEMED A SHAREHOLDER. Except as otherwise specifically provided herein, this Warrant, in and of itself, shall not entitle the Holder to any voting rights or other rights as a shareholder of the Company. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

6. REISSUANCE.

(a) *Lost, Stolen or Mutilated Warrant*. If this Warrant is lost, stolen, mutilated or destroyed, the Company will, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

(b) *Issuance of New Warrants.* Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall be of like tenor with this Warrant, and shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date.

7. TRANSFER.

(a) *Notice of Transfer*. The Holder agrees that, if practicable, but without any obligation to do so, it will give written notice to the Company of its intent to transfer this Warrant or any Warrant Shares, describing briefly the manner of any proposed transfer. Promptly upon receiving such written notice, the Company shall present copies thereof to the Company's counsel. If the proposed transfer may be effected without registration or qualification (under any federal or state securities laws), the Company, as promptly as practicable, shall notify the Holder thereof, whereupon the Holder shall be entitled to transfer this Warrant or to dispose of Warrant Shares received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by the Holder to the Company; provided, however, that an appropriate legend may be endorsed on this Warrant or the certificates for such Warrant Shares respecting restrictions upon transfer thereof necessary or advisable in the opinion of counsel and satisfactory to the Company to prevent further transfers which would be in violation of Section 5 of the Securities Act and applicable state securities laws; and provided further that the prospective transferee or purchaser shall execute the Assignment of Warrant attached hereto as Exhibit B and such other documents and make such representations, warranties, and agreements as may be required solely to comply with the exemptions relied upon by the Company for the transfer or disposition of the Warrant or Warrant Shares.

(b) If the proposed transfer or disposition of this Warrant or such Warrant Shares described in the written notice given pursuant to this Section 7 may not be effected without registration or qualification of this Warrant or such Warrant Shares, the Holder will limit its activities in respect to such transfer or disposition as are permitted by law.

(c) Any transferee of all or a portion of this Warrant shall succeed to the rights and benefits of the initial Holder of this Warrant under Section 5.6 of the Purchase Agreement.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the notice provisions contained in the Purchase Agreement. The Company shall provide the Holder with prompt written notice (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, the calculation of such adjustment and (ii) at least twenty (20) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grants, issuances or sales of any shares or other securities directly or indirectly convertible into or exercisable or exchangeable for Common Shares or other property, pro rata to the holders of Common Shares or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

9. AMENDMENT AND WAIVER. The terms of this Warrant may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder.

10. GOVERNING LAW & AGREEMENT TO CONFIDENTIAL ARBITRATION. This Warrant shall be governed and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of law. Any dispute or controversy between the Parties relating to or arising out of this Warrant or any amendment or modification hereof shall be determined by confidential arbitration in Wilmington, Delaware administered by the American Arbitration Association under its Commercial Arbitration Rules, other than claims for injunctive relief which shall be adjudicated only by the state and/or federal courts residing in Wilmington, Delaware. In any such

arbitration, the Parties shall be permitted to engage in any type of discovery permitted by the Federal Rules of Civil Procedure, including, without limitation, the taking of depositions and the service of document requests, non-party subpoenas and interrogatories. The arbitration award shall be final and binding upon the Parties and judgment may be entered thereon by any court of competent jurisdiction. The service of any notice, process, motion or other document in connection with any arbitration under this Warrant or the enforcement of any arbitration award hereunder may be effectuated either by personal service upon a Party or by certified mail duly addressed to him or it or to his or its executors, administrators, personal representatives, next of kin, successors or assigns, at the last known address or addresses of such Party or Parties. Notwithstanding the foregoing, the request by any Party for specific performance and temporary, preliminary or permanent injunctive relief, whether prohibitive or mandatory, shall not be subject to arbitration and shall be adjudicated only by the state and/or federal courts residing in Wilmington, Delaware. Each Party irrevocably submits to the exclusive jurisdiction of such courts for such purposes, and waives and agrees not to assert in any such proceeding a claim that he or it is not personally subject to the courts referred to above, that the suit or action was brought in an inconvenient forum or that the venue of the suit or action is improper. Pursuant to Delaware Code Section 2708(a), the Parties agree that they are subject to the exclusive jurisdiction of the courts of, or arbitration in, Wilmington, Delaware, and may be served with legal process within the State of Delaware or in any other manner provided by law. In the event any Party institutes any legal proceeding (including arbitration) to enforce the provisions of this Warrant, the court or arbitrator, as applicable, shall require the breaching Party (if any), as finally determined by a court of competent jurisdiction or arbitrator, as applicable, to pay the non-breaching Party's costs and expenses (including such nonbreaching Party's reasonable attorneys' fees and expenses) associated with enforcing this Warrant and collecting any judgment related thereto.

The Holder and the Company acknowledge and agree that the rights of Holder under this Warrant are of a specialized and unique character and that immediate and irreparable damage will result to Holder if the Company fails or refuses to perform his or its obligations under this Warrant or otherwise breaches this Warrant and, notwithstanding an election by Holder to seek a remedy at law, Holder may, in addition to the remedies at law described above, seek equitable relief, including without limitation temporary restraining orders, temporary and permanent injunctions, and specific performance, and such equitable relief may be sought without the necessity of posting a bond or other security. No claimed breach of contract or violation of law by Holder or any of its affiliates shall operate to extinguish the Company's obligations under Section 10 hereof.

11. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

12. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "Nasdaq" means The Nasdaq Stock Market (www.Nasdaq.com).

(b) "Closing Sale Price" means, for any security as of any date, (i) the last closing trade price for such security on the Principal Market, as reported by Nasdaq, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Nasdaq, or (ii) if the foregoing does not apply, the last trade price of such security in the over-the-counter market for such security as reported by Nasdaq, or (iii) if no last trade price is reported for such security by Nasdaq, the average of the bid and ask prices of any market makers for such security as reported by the OTC Markets or any other similar domestic or foreign exchange. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

(c) "Common Share" means the Common Shares of the Company and any other class of securities into which such securities may hereafter be reclassified or changed.

(d) "Common Share Equivalents" means any securities of the Company that would entitle the holder thereof to acquire at any time Common Shares, including without limitation any debt, preferred shares, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Shares.

(e) "Principal Market" means the primary national securities exchange or over the counter market on which the Common Shares are then traded.

(f) "Market Price" means the highest traded price of the Common Shares during the thirty (30) Trading Days prior to the date of the respective Exercise Notice.

(g) "Trading Day" means (i) any day on which the Common Shares are listed or quoted and traded on its Principal Market, (ii) if the Common Shares are not then listed or quoted and traded on any national securities exchange, then a day on which trading occurs on any over-the-counter markets, or (iii) if trading does not occur on the over-the-counter markets, any Business Day.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the Issuance Date set forth above.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chairman of the Board and Chief Executive Officer

EXHIBIT A

EXERCISE NOTICE

(To be executed by the registered holder to exercise this Common Share Purchase Warrant)

The Undersigned holder hereby exercises the right to purchase _____ of the Common Shares ("Warrant Shares") of **PROPHASE LABS, INC.**, a Delaware corporation (the "Company"), evidenced by the attached copy of the Common Share Purchase Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as (check one):

☐ a cash exercise with respect to _____ Warrant Shares; or

☐ by cashless exercise pursuant to the Warrant.

2. Payment of Exercise Price. If cash exercise is selected above, the holder shall pay the applicable Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____

_____
(Print Name of Registered Holder)

By: _____
Name: _____
Title: _____

EXHIBIT B

ASSIGNMENT OF WARRANT

(To be signed only upon authorized transfer of the Warrant)

For Value Received, the undersigned hereby sells, assigns, and transfers unto _____ the right to purchase _____ Common Shares of **PROPHASE LABS, INC.**, to which the within Common Share Purchase Warrant relates and appoints _____, as attorney-in-fact, to transfer said right on the books of ProPhase Labs, Inc. with full power of substitution and re-substitution in the premises. By accepting such transfer, the transferee has agreed to be bound in all respects by the terms and conditions of the within Warrant.

Dated: _____

_____
(Signature) *

_____
(Name)

_____
(Address)

_____
(Social Security or Tax Identification No.)

* The signature on this Assignment of Warrant must correspond to the name as written upon the face of the Common Share Purchase Warrant in every particular without alteration or enlargement or any change whatsoever. When signing on behalf of a corporation, partnership, trust or other entity, please indicate your position(s) and title(s) with such entity.

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXCERCISABLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

COMMON SHARE PURCHASE WARRANT

PROPHASE LABS, INC.

Warrant Shares: 875,000
Issuance Date: July 22, 2025 ("**Issuance Date**")

This COMMON SHARE PURCHASE WARRANT (this "Warrant") certifies that, for value received in connection with the issuance of the senior secured convertible promissory note of even date in the principal amount of $625,000 (the "**Note**") by ProPhase Labs, Inc., a corporation organized under the laws of the state of Delaware (the "**Company**"), **REDACTED** (including any permitted and registered assigns, each a "**Holder**"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date of issuance hereof, to purchase from the Company up to 875,000 shares of common stock, $0.0005 par value, (the "Common Shares"; and such Common Shares issuable upon exercise of this Warrant, the "**Warrant Shares**") (whereby such number may be adjusted from time to time pursuant to the terms and conditions of this Warrant) at the Exercise Price per share then in effect. This Warrant is issued by the Company in connection with that certain Securities Purchase Agreement, dated as of the Issuance Date, by and between the Company and the original Holder of this Warrant (the "**Purchase Agreement**").

Capitalized terms used in this Warrant shall have the meanings set forth in the Purchase Agreement unless otherwise defined in the body of this Warrant or in Section 12 below. For purposes of this Warrant, the term "**Exercise Price**" shall mean $0.50, subject to adjustment as provided herein (including but not limited to cashless exercise), and the term "**Exercise Period**" shall mean the period commencing on the Issuance Date and ending on 6:00 p.m. eastern standard time on the five-year anniversary thereof.

1. EXERCISE OF WARRANT.

(a) *Mechanics of Exercise.* Subject to the terms and conditions hereof, the rights represented by this Warrant may be exercised in whole or in part at any time or times during the Exercise Period by delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. On or before the third Trading Day (the "**Warrant Share Delivery Date**") following the date on which the Company shall have received the Exercise Notice, and upon receipt by the Company of payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which all or a portion of this Warrant is being exercised (the "**Aggregate Exercise Price**" and together with the Exercise Notice, the "**Exercise Delivery Documents**") in cash or by wire transfer of immediately available funds (or by cashless exercise, in which case there shall be no Aggregate Exercise Price provided), the Company shall (or direct its transfer agent to) issue the number of Warrant Shares to which the Holder is entitled pursuant to such exercise (such number referred to hereinafter as the "**Exercised Amount**" and such shares to be issued referred to hereinafter as the "**Exercised Warrant Shares**"), registered in the Company's share register in the name of the Holder or its designee. At the option of the Holder, such Exercised Warrant Shares shall be issued either (i) in DRS book entry form, (ii) directly into a brokerage account by DWAC transfer (if eligible), or (iii) on one or more certificates dispatched by overnight courier to the address as specified in the Exercise Notice. Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the Exercised Amount, then the Company shall as soon as practicable and in no event later than three (3) Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the Exercised Amount.

If at any time after the 6 month anniversary of the Issuance Date, the Market Price of one Common Share is greater than the Exercise Price and the Warrant Shares are not registered under an effective non-stale registration statement of the Company, the Holder may elect to receive Warrant Shares pursuant to a cashless exercise, in lieu of a cash exercise, equal to the value of this Warrant determined in the manner described below (or of any portion thereof remaining unexercised) by surrender of this Warrant and a Notice of Exercise, in which event the Company shall issue to Holder a number of Warrant Shares computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

Where X = the number of Warrant Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

If the Company fails to cause its transfer agent to transmit to the Holder the respective Warrant Shares by the respective Warrant Share Delivery Date (each, a "**Delivery Failure**"), then the Holder will have the right to rescind such exercise in Holder's sole discretion, and such failure shall be deemed an event of default under the Note to the extent the Note remains outstanding and any portion thereof unpaid, and this Warrant. In addition, and without in any way limiting the Holder's right to pursue other remedies, including but not limited to, actual damages and/or equitable relief, or the foregoing remedies, the parties agree that if the Company causes the Exercised Warrant Shares to not be delivered by the second (2nd) Trading Day following the Warrant Share Delivery Date, Company shall pay to the Holder the greater of (i) for each day after the Share Delivery Date and during such Delivery Failure an amount equal to the greater of (x) $1,000 per day in cash, for each day beyond the Warrant Share Delivery Date that Company fails to deliver such Exercised Warrant Shares, or (y) 2% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Date and to which the Holder is entitled (the "**Undelivered Shares**"), multiplied by (B) any trading price of the Common Stock selected by the Holder in writing as in effect at any time during the period beginning on the applicable Exercise Date and ending on the applicable Share Delivery Date (the "**Undelivered Shares Value**"), or (ii) the excess of the product of (A) the Undelivered Shares, multiplied by (B) the Undelivered Shares Value, over the aggregate value of the Common Stock actually delivered to the Holder based on the lowest trading price of the Common Stock during the five (5) trading days following the date that such Common Shares are actually issued to the Holder. Such amount shall either be paid in cash to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to Company by the first day of the month following the month in which it has accrued), as follows: (1) in the event that the Note remains outstanding and any portion thereof unpaid, such amount shall be added to the principal amount of the Note, in which event interest shall accrue thereon in accordance with the terms of the Note and such additional principal amount shall be convertible into Common Shares in accordance with the terms of the Note; (2) in the event that the Note is no longer outstanding and no portion thereof remains unpaid, such amount shall be payable in Common Shares based on the number of shares that would have been due under (1) above, had the Note been outstanding, and pursuant to a conversion of such amount added to the principal amount of the Note. Company agrees that the right to exercise is a valuable right to the Holder, and as such, Company will not take any actions to hamper, delay or prevent any Holder exercise of this Warrant. The damages resulting from a failure, attempt to frustrate, interference with such exercise right are difficult if not impossible to qualify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this section are justified.

(b) *No Fractional Shares.* No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Warrant Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then-current fair market value of a Warrant Share by such fraction.

(c) *Holder's Exercise Limitations.* The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to issuance of Warrant Shares upon exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation, as defined below. For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the Holder and its Affiliates shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Common Shares which would be issuable upon (i) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including without limitation any other Common Share Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this paragraph (d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this paragraph applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial

Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination.

For purposes of this paragraph, in determining the number of outstanding Common Shares, a Holder may rely on the number of outstanding Common Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of Common Shares outstanding. Upon the request of a Holder, the Company shall within two Trading Days confirm to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its affiliates since the date as of which such number of outstanding Common Shares was reported. The "**Beneficial Ownership Limitation**" shall initially be 4.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase this Beneficial Ownership Limitation, provided, however, that in no event shall the Beneficial Ownership Limitation exceed 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to such exercise.. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this Section shall continue to apply unless and until modified as set forth herein and shall apply to any successor holder of this Warrant. Notwithstanding the foregoing, in the event the Holder elects to increase the Beneficial Ownership Limitation above 4.99%, the Holder covenants and agrees that, without the prior written consent of the Company, it shall not, directly or indirectly, act in concert with, form a "group" (as defined in Section 13(d)(3) of the Exchange Act), or otherwise coordinate or collaborate with any other person or entity that is a filer or required to be a filer under Schedule 13D with respect to the Common Stock of the Company, in any manner that is intended to or would reasonably be expected to oppose, challenge, or act in a manner adverse to the Company's management or Board of Directors. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation.

2. ADJUSTMENTS. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) *Distribution of Assets*. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including without limitation any distribution of cash, shares or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Shares entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction (i) the numerator of which shall be the Closing Sale Price of the Common Shares on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one Common Share, and (ii) the denominator of which shall be the Closing Sale Price of the Common Shares on the Trading Day immediately preceding such record date; and

(ii) the number of Warrant Shares shall be increased to a number of shares equal to the number of Common Shares obtainable immediately prior to the close of business on the record date fixed for the determination of holders of Common Shares entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i); provided, however, that in the event that the Distribution is of Common Shares of a company (other than the Company) whose common stock is traded on a national securities exchange or a national automated quotation system ("Other Shares of Common Stock"), then the Holder may elect to receive a warrant to purchase Other Shares of Common Stock in lieu of an increase in the number of Warrant Shares, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the number of Other Shares of Common Stock that would have been payable to the Holder pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an aggregate exercise price equal to the product of the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i) and the number of Warrant Shares calculated in accordance with the first part of this clause (ii).

(b) Proportional Adjustments of Outstanding Common Shares and Common Share Dividends. If the Company shall at any time or from time to time after the date hereof, issue additional Common Shares to all of its current shareholders on a pro rata basis or pay a share dividend in Common Shares, then the Exercise Price and the number of Warrant Shares shall be proportionately adjusted. Any adjustments under this Section 2(b) shall be effective at the close of business on the date the share split becomes effective or the date of payment of the share dividend, as applicable. For the avoidance of doubt, this adjustment shall not apply when shares of outstanding Common Share are merged proportionally across all shareholders to form a smaller number of outstanding shares.

3. FUNDAMENTAL TRANSACTIONS. If, at any time while this Warrant is outstanding, (i) the Company effects any merger of the Company with or into another entity and the Company is not the surviving entity (such surviving entity, the "**Successor Entity**"), (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or by another individual or entity, and approved by the Company) is completed pursuant to which holders of Common Shares are permitted to tender or exchange their Common Shares for other securities, cash or property and the holders of at least 50% of the Common Shares accept such offer, or (iv) the Company effects any reclassification of the Common Shares or any compulsory share exchange pursuant to which the Common Shares are effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of Common Shares) (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive the number of Common Shares of the Successor Entity or of the Company and any additional consideration (the "**Alternate Consideration**") receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a holder of the number of Common Shares for which this Warrant is exercisable immediately prior to such event (disregarding any limitation on exercise contained herein solely for the purpose of such determination). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Common Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any Successor Entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration.

4. NON-CIRCUMVENTION. The Company covenants and agrees that it will not, by amendment of its certificate of formation, certificate of incorporation, operating agreement, or bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any Common Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Common Shares upon the exercise of this Warrant, and (iii) shall, for so long as this Warrant is outstanding, have authorized and reserved, free from preemptive rights, a sufficient number of Common Shares to provide for the exercise of the rights represented by this Warrant (without regard to any limitations on exercise).

5. WARRANT HOLDER NOT DEEMED A SHAREHOLDER. Except as otherwise specifically provided herein, this Warrant, in and of itself, shall not entitle the Holder to any voting rights or other rights as a shareholder of the Company. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

6. REISSUANCE.

(a) *Lost, Stolen or Mutilated Warrant*. If this Warrant is lost, stolen, mutilated or destroyed, the Company will, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

(b) *Issuance of New Warrants.* Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall be of like tenor with this Warrant, and shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date.

7. TRANSFER.

(a) *Notice of Transfer*. The Holder agrees that, if practicable, but without any obligation to do so, it will give written notice to the Company of its intent to transfer this Warrant or any Warrant Shares, describing briefly the manner of any proposed transfer. Promptly upon receiving such written notice, the Company shall present copies thereof to the Company's counsel. If the proposed transfer may be effected without registration or qualification (under any federal or state securities laws), the Company, as promptly as practicable, shall notify the Holder thereof, whereupon the Holder shall be entitled to transfer this Warrant or to dispose of Warrant Shares received upon the previous exercise of this Warrant, all in accordance with the terms of the notice delivered by the Holder to the Company; provided, however, that an appropriate legend may be endorsed on this Warrant or the certificates for such Warrant Shares respecting restrictions upon transfer thereof necessary or advisable in the opinion of counsel and satisfactory to the Company to prevent further transfers which would be in violation of Section 5 of the Securities Act and applicable state securities laws; and provided further that the prospective transferee or purchaser shall execute the Assignment of Warrant attached hereto as Exhibit B and such other documents and make such representations, warranties, and agreements as may be required solely to comply with the exemptions relied upon by the Company for the transfer or disposition of the Warrant or Warrant Shares.

(b) If the proposed transfer or disposition of this Warrant or such Warrant Shares described in the written notice given pursuant to this Section 7 may not be effected without registration or qualification of this Warrant or such Warrant Shares, the Holder will limit its activities in respect to such transfer or disposition as are permitted by law.

(c) Any transferee of all or a portion of this Warrant shall succeed to the rights and benefits of the initial Holder of this Warrant under Section 5.6 of the Purchase Agreement.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the notice provisions contained in the Purchase Agreement. The Company shall provide the Holder with prompt written notice (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, the calculation of such adjustment and (ii) at least twenty (20) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any grants, issuances or sales of any shares or other securities directly or indirectly convertible into or exercisable or exchangeable for Common Shares or other property, pro rata to the holders of Common Shares or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

9. AMENDMENT AND WAIVER. The terms of this Warrant may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder.

10. GOVERNING LAW & AGREEMENT TO CONFIDENTIAL ARBITRATION. This Warrant shall be governed and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of law. Any dispute or controversy between the Parties relating to or arising out of this Warrant or any amendment or modification hereof shall be determined by confidential arbitration in Wilmington, Delaware administered by the American Arbitration Association under its Commercial Arbitration Rules, other than claims for injunctive relief which shall be adjudicated only by the state and/or federal courts residing in Wilmington, Delaware. In any such arbitration, the Parties shall be permitted to engage in any type of discovery permitted by the Federal Rules of Civil Procedure, including, without limitation, the taking of depositions and the service of document requests, non-party subpoenas and interrogatories. The arbitration award shall be final and binding upon the Parties and judgment may be entered thereon by any court of competent jurisdiction. The service of any notice, process, motion or other document in connection with any arbitration under this Warrant or the enforcement of any arbitration award hereunder may be effectuated either by personal service upon a Party or by certified mail duly addressed to him or it or to his or its executors, administrators, personal representatives, next of kin, successors or assigns, at the last known address or addresses of such Party or Parties. Notwithstanding the foregoing, the request by any Party for specific performance and temporary, preliminary or permanent injunctive relief, whether prohibitive or mandatory, shall not be subject to arbitration and shall be adjudicated only by the state and/or federal courts residing in Wilmington, Delaware. Each Party irrevocably submits to the exclusive jurisdiction of such courts for such purposes, and waives and agrees not to assert in any such proceeding a claim that he or it is not personally subject to the courts referred to above, that the suit or action was brought in an inconvenient forum or that the venue of the suit or action is improper. Pursuant to Delaware Code Section 2708(a), the Parties agree that they are subject to the exclusive jurisdiction of the courts of, or arbitration in, Wilmington, Delaware, and may be served with legal process within the State of Delaware or in any other manner provided by law. In the event any Party institutes any legal proceeding (including arbitration) to enforce the provisions of this Warrant, the court or arbitrator, as applicable, shall require the breaching Party (if any), as finally determined by a court of competent jurisdiction or arbitrator, as applicable, to pay the non-breaching Party's costs and expenses (including such nonbreaching Party's reasonable attorneys' fees and expenses) associated with enforcing this Warrant and collecting any judgment related thereto.

The Holder and the Company acknowledge and agree that the rights of Holder under this Warrant are of a specialized and unique character and that immediate and irreparable damage will result to Holder if the Company fails or refuses to perform his or its obligations under this Warrant or otherwise breaches this Warrant and, notwithstanding an election by Holder to seek a remedy at law, Holder may, in addition to the remedies at law described above, seek equitable relief, including without limitation temporary restraining orders, temporary and permanent injunctions, and specific performance, and such equitable relief may be sought without the necessity of posting a bond or other security. No claimed breach of contract or violation of law by Holder or any of its affiliates shall operate to extinguish the Company's obligations under Section 10 hereof.

11. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

12. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "Nasdaq" means The Nasdaq Stock Market (www.Nasdaq.com).

(b) "Closing Sale Price" means, for any security as of any date, (i) the last closing trade price for such security on the Principal Market, as reported by Nasdaq, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Nasdaq, or (ii) if the foregoing does not apply, the last trade price of such security in the over-the-counter market for such security as reported by Nasdaq, or (iii) if no last trade price is reported for such security by Nasdaq, the average of the bid and ask prices of any market makers for such security as reported by the OTC Markets or any other similar domestic or foreign exchange. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

(c) "Common Share" means the Common Shares of the Company and any other class of securities into which such securities may hereafter be reclassified or changed.

(d) "Common Share Equivalents" means any securities of the Company that would entitle the holder thereof to acquire at any time Common Shares, including without limitation any debt, preferred shares, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Shares.

(e) "Principal Market" means the primary national securities exchange or over the counter market on which the Common Shares are then traded.

(f) "Market Price" means the highest traded price of the Common Shares during the thirty (30) Trading Days prior to the date of the respective Exercise Notice.

(g) "Trading Day" means (i) any day on which the Common Shares are listed or quoted and traded on its Principal Market, (ii) if the Common Shares are not then listed or quoted and traded on any national securities exchange, then a day on which trading occurs on any over-the-counter markets, or (iii) if trading does not occur on the over-the-counter markets, any Business Day.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the Issuance Date set forth above.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chairman of the Board and Chief Executive Officer

EXHIBIT A

EXERCISE NOTICE

(To be executed by the registered holder to exercise this Common Share Purchase Warrant)

The Undersigned holder hereby exercises the right to purchase _____ of the Common Shares ("Warrant Shares") of **PROPHASE LABS, INC.**, a Delaware corporation (the "Company"), evidenced by the attached copy of the Common Share Purchase Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as (check one):

   ☐ a cash exercise with respect to _____ Warrant Shares; or
   ☐ by cashless exercise pursuant to the Warrant.

2. Payment of Exercise Price. If cash exercise is selected above, the holder shall pay the applicable Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____

_____
(Print Name of Registered Holder)

By: _____
Name: _____
Title: _____

EXHIBIT B

ASSIGNMENT OF WARRANT

(To be signed only upon authorized transfer of the Warrant)

For Value Received, the undersigned hereby sells, assigns, and transfers unto _____ the right to purchase _____ Common Shares of **PROPHASE LABS, INC.**, to which the within Common Share Purchase Warrant relates and appoints _____, as attorney-in-fact, to transfer said right on the books of ProPhase Labs, Inc. with full power of substitution and re-substitution in the premises. By accepting such transfer, the transferee has agreed to be bound in all respects

by the terms and conditions of the within Warrant.

Dated: _____

_____
(Signature) *

_____
(Name)

_____
(Address)

_____
(Social Security or Tax Identification No.)

* The signature on this Assignment of Warrant must correspond to the name as written upon the face of the Common Share Purchase Warrant in every particular without alteration or enlargement or any change whatsoever. When signing on behalf of a corporation, partnership, trust or other entity, please indicate your position(s) and title(s) with such entity.

Registration Rights Agreement

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of July 22, 2025, is by and among ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), and the undersigned purchasers of Notes and Warrants (each, a "**Purchaser**"; and collectively, the "**Purchasers**").

RECITALS

A. In connection with the Securities Purchase Agreement, dated as of the date hereof by and between parties hereto (the '**Purchase Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Purchase Agreement, to issue and sell to each Purchaser Notes and Warrants (as such terms are defined in the Purchase Agreement) which will be convertible into Conversion Shares and exercisable for Warrant Shares (as such terms are defined in the Purchase Agreement) in accordance with the terms thereof.

B. To induce the Purchasers to consummate the transactions contemplated by the Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the " **Securities Act**"), and applicable state securities laws.

AGREEMENT

NOW, **THEREFORE**, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Purchasers hereby agree as follows:

1. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

(b) "**Closing Date**" shall have the meaning set forth in the Purchase Agreement.

(c) "**Effective Date**" means the date that the applicable Registration Statement has been declared effective by the SEC.

(a) "**Effectiveness Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), the 30th calendar day (or, if such Registration Statement is subject to a full review by the SEC, the 60th calendar day) after the Stockholder Approval (as defined in the Purchase Agreement) is obtained, or November 18, 2025, whichever is earlier; and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 60h calendar day (or, if such Registration Statement is subject to a full review by the SEC, 90th calendar day) after the Closing Date and (B) 2nd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review.

(d) "**Filing Deadline**" means (i) with respect to the initial Registration Statement required to be filed pursuant to Section 2(a), immediately after the Stockholder Approval (as defined in the Purchase Agreement), which shall be no later than October 18, 2025, and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the date on which the Company was required to file such additional Registration Statement pursuant to the terms of this Agreement.

(e) "**Investor**" means a Purchaser or any transferee or assignee of any Registrable Securities or Notes or Warrants, as applicable, to whom a Purchaser assigns its rights under this Agreement who becomes bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities or Notes or Warrants, as applicable, assigns its rights under this Agreement who becomes bound by the provisions of this Agreement in accordance with Section 9.

(f) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the Securities Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(g) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Warrant Shares, and (iii) any capital stock of the Company issued or issuable with respect to the Conversion Shares or Warrant Shares, including, without limitation, (1) as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise and (2) shares of capital stock of the Company into which the shares of Common Stock are converted or exchanged and shares of capital stock of a Successor Entity (as defined in the Notes) into which the shares of Common Stock are converted or exchanged, in each case, without regard to any limitations on conversion of the Notes or exercise of the Warrants.

(h) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the Securities Act covering Registrable Securities.

(i) "**Required Holders**" shall mean, at any time, the holder(s) of a majority in Original Principal Amount of Notes then outstanding including (if it shall then hold any Notes) the Lead Investor.

(j) "**Required Registration Amount**" means, as of any time of determination, the sum of (i) the maximum number of Conversion Shares issuable upon conversion of the maximum Original Principal Amount of Notes issuable pursuant to the Purchase Agreement, and (ii) the maximum number of Warrant Shares issuable upon exercise of the maximum number of Warrants issuable pursuant to the Purchase Agreement, assuming for purposes of the foregoing clauses (i) and (ii) that any such conversion or exercise shall not take into account any limitations on the conversion of the Notes set forth in the Notes or on the exercise of Warrants set forth in the Warrants).

(k) "**Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(l) "**Rule 415**" means Rule 415 promulgated by the SEC under the Securities Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

(m) "**SEC**" means the United States Securities and Exchange Commission or any successor thereto.

2. Registration.

(a) Mandatory Registration. The Company shall prepare and, as soon as practicable, but in no event later than the Filing Deadline, file with the SEC an initial Registration Statement on Form S-1 covering the resale of all of the Registrable Securities, *provided* that such initial Registration Statement shall register for resale at least the number of shares of Common Stock equal to the Required Registration Amount as of the date such Registration Statement is initially filed with the SEC. Such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, shall contain (except if otherwise directed by the Required Holders) the "**Selling Stockholders**" and "**Plan of Distribution**" sections in substantially the form attached hereto as **Exhibit B**. The Company shall use its best efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Registration Statement.

(b) Intentionally Omitted.

(c) Ineligibility to Use Form S-3. The Company shall undertake to register the resale of the Registrable Securities on Form S-3 as soon as such form is available to the Company, *provided* that the Company shall maintain the effectiveness of all Registration Statements then in effect until such time as a Registration Statement on Form S-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use.

(d) Sufficient Number of Shares Registered. In the event the number of shares available under any Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(g), the Company shall amend such Registration Statement (if permissible), or file with the SEC a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Registration Statement and/or such new Registration Statement (as the case may be) to be filed with the SEC). The Company shall use its best efforts to cause such amendment to such Registration Statement and/or such new Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Registration Statement. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the applicable Registration Statement is less than the product determined by multiplying (i) the Required Registration Amount as of such time by (ii) 0.90. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on conversion, amortization and/or redemption of the Notes or Warrants (and such calculation shall assume (A) that the Notes are then convertible in full into shares of Common Stock at the then prevailing Conversion Price (as defined in the Notes) and that the Warrants are then exercisable in full in to shares of Common Stock at the Exercise Price (as defined in the Warrants), (B) the initial outstanding Notes and Warrants remain outstanding through the Termination Date (as defined in the Warrants).

(e) Effect of Failure to File and Obtain and Maintain Effectiveness of any Registration Statement. If (i) a Registration Statement covering the resale of all of the Registrable Securities required to be covered thereby (disregarding any reduction pursuant to Section 2(f)) and required to be filed by the Company pursuant to this Agreement is (A) not filed with the SEC on or before the Filing Deadline for such Registration Statement (a "**Filing Failure**") (it being understood that if the Company files a Registration Statement without affording each Investor the opportunity to review and comment on the same as required by Section 3(c) hereof, the Company shall be deemed to not have satisfied this clause (i)(A) and such event shall be deemed to be a Filing Failure or (B) not declared effective by the SEC on or before the Effectiveness Deadline for such Registration Statement (an "**Effectiveness Failure**") (it being understood that if on the Business Day immediately following the Effective Date for such Registration Statement the Company shall not have filed a "final" prospectus for such Registration Statement with the SEC under Rule 424(b) in accordance with Section 3(b) (whether or not such a prospectus is technically required by such rule), the Company shall be deemed to not have satisfied this clause (i)(B) and such event shall be deemed to be an Effectiveness Failure), (ii) other than during an Allowable Grace Period (as defined below), on any day after the Effective Date of a Registration Statement sales of all of the Registrable Securities required to be included on such Registration Statement (disregarding any reduction pursuant to Section 2(f)) cannot be made pursuant to such Registration Statement (including, without limitation, because of a failure to keep such Registration Statement effective, a failure to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, a suspension or delisting of (or a failure to timely list) the Common Stock on the Principal Market (as defined in the Purchase Agreement) or any other limitations imposed by the Principal Market, or a failure to register a sufficient number of shares of Common Stock or by reason of a stop order) or the prospectus contained therein is not available for use for any reason (a "**Maintenance Failure**"), or (iii) if a Registration Statement is not effective for any reason or the prospectus contained therein is not available for use for any reason, and either (x) the Company fails for any reason to satisfy the requirements of Rule 144(c)(1), including, without limitation, the failure to satisfy the current public information requirement under Rule 144(c) or (y) the Company has ever been an issuer described in Rule 144(i)(1)(i) or becomes such an issuer in the future, and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (a "**Current Public Information Failure**") as a result of which any of the Investors are unable to sell Registrable Securities without restriction under Rule 144 (including, without limitation, volume restrictions), then, as partial relief for the damages to any holder by reason of any such delay in, or reduction of, its ability to sell the Underlying Shares (which remedy shall not be exclusive of any other remedies available at law or in equity, including, without limitation, specific performance), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to two percent (2%) of such Investor's Original Principal Amount of such Investor's Note on the Closing Date on the date of such Filing Failure, Effectiveness Failure, Maintenance Failure or Current Public Information Failure, as applicable, and (2) on every thirty (30) day anniversary of (I) a Filing Failure until such Filing Failure is cured; (II) an Effectiveness Failure until such Effectiveness Failure is cured; (III) a Maintenance Failure until such Maintenance Failure is cured; and (IV) a Current Public Information Failure until the earlier of (i) the date such Current Public Information Failure is cured and (ii) such time that such public information is no longer required pursuant to Rule 144 (in each case, prorated for periods totaling less than thirty (30) days). In the case of an Effectiveness Failure, the initial such 2% payment shall be for each 30-day period (and prorated for each partial 30-day period) from the Stockholder Approval Deadline (i.e., September 18, 2025) until such Effectiveness Failure shall be cured. The payments to which a holder of Registrable Securities shall be entitled pursuant to this Section 2(e) are referred to herein as "**Registration Delay Payments**." Following the initial Registration Delay Payment for any particular event or failure (which shall be paid on the date of such event or failure, as set forth above), without limiting the foregoing, if an event or failure giving rise to the Registration Delay Payments is cured prior to any thirty (30) day anniversary of such event or failure, then such Registration Delay Payment shall be made on the third (3rd) Business Day after such cure. In the event the Company fails to make Registration Delay Payments in a timely manner in accordance with the foregoing, such Registration Delay Payments shall bear interest at the rate of two percent (2%) per month (prorated for partial months) until paid in full. Notwithstanding the foregoing, no Registration Delay Payments shall be owed to an Investor (other than with respect to a Maintenance Failure resulting from a suspension or delisting of (or a failure to timely list) the Common Stock on the Principal Market) with respect to any period during which all of such Investor's Registrable Securities may be sold by such Investor without restriction under Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable).

(f) Offering. Notwithstanding anything to the contrary contained in this Agreement, but subject to the payment of the Registration Delay Payments pursuant to Section 2(e), in the event the staff of the SEC (the "**Staff**") or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Investors participating therein (or as otherwise may be acceptable to each Investor) without being named therein as an "underwriter," then the Company shall reduce the number of shares to be included in such Registration Statement by all Investors until such time as the Staff and the SEC shall so permit such Registration Statement to become effective as aforesaid. In

making such reduction, the Company shall reduce the number of shares to be included by all Investors on a pro rata basis (based upon the number of Registrable Securities otherwise required to be included for each Investor) unless the inclusion of shares by a particular Investor or a particular set of Investors are resulting in the Staff or the SEC's "by or on behalf of the Company" offering position, in which event the shares held by such Investor or set of Investors shall be the only shares subject to reduction (and if by a set of Investors on a pro rata basis by such Investors or on such other basis as would result in the exclusion of the least number of shares by all such Investors); provided, that, with respect to such pro rata portion allocated to any Investor, such Investor may elect the allocation of such pro rata portion among the Registrable Securities of such Investor. In addition, in the event that the Staff or the SEC requires any Investor seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Registration Statement to become effective, and such Investor does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Investor, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Any reduction pursuant to this paragraph will first reduce all Registrable Securities other than those issued pursuant to the Purchase Agreement. In the event of any reduction in Registrable Securities pursuant to this paragraph, an affected Investor shall have the right to require, upon delivery of a written request to the Company signed by such Investor, the Company to file a registration statement within twenty (20) days of such request (subject to any restrictions imposed by Rule 415 or required by the Staff or the SEC) for resale by such Investor in a manner acceptable to such Investor, and the Company shall following such request cause to be and keep effective such registration statement in the same manner as otherwise contemplated in this Agreement for registration statements hereunder, in each case until such time as: (i) all Registrable Securities held by such Investor have been registered and sold pursuant to an effective Registration Statement in a manner acceptable to such Investor or (ii) all Registrable Securities may be resold by such Investor without restriction (including, without limitation, volume limitations) pursuant to Rule 144 (taking account of any Staff position with respect to "affiliate" status) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (iii) such Investor agrees to be named as an underwriter in any such Registration Statement in a manner acceptable to such Investor as to all Registrable Securities held by such Investor and that have not theretofore been included in a Registration Statement under this Agreement (it being understood that the special demand right under this sentence may be exercised by an Investor multiple times and with respect to limited amounts of Registrable Securities in order to permit the resale thereof by such Investor as contemplated above).

(g) Piggyback Registrations. Without limiting any obligation of the Company hereunder or under the Purchase Agreement, if there is not an effective Registration Statement covering all of the Registrable Securities or the prospectus contained therein is not available for use and the Company shall determine to prepare and file with the SEC a registration statement or offering statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities (other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans), then the Company shall deliver to each Investor a written notice of such determination and, if within fifteen (15) days after the date of the delivery of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement or offering statement all or any part of such Registrable Securities such Investor requests to be registered; provided, however, the Company shall not be required to register any Registrable Securities pursuant to this Section 2(g) that are eligible for resale pursuant to Rule 144 without restriction (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or that are the subject of a then-effective Registration Statement, subject to compliance with securities laws and regulations.

(h) Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor at the time such Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee or assignee (as the case may be) that becomes an Investor shall be allocated a pro rata portion of the then-remaining number of Registrable Securities included in such Registration Statement for such transferor or assignee (as the case may be). Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement.

(i) No Inclusion of Other Securities. The Company shall in no event include any securities other than Registrable Securities on any Registration Statement filed in accordance herewith without the prior written consent of the Required Holders. The Company shall not enter into any agreement providing any registration rights to any of its security holders.

3. Related Obligations.

The Company shall use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof, and, pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to Allowable Grace Periods, the Company shall keep each Registration Statement effective (and the prospectus contained therein available for use) pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices) at all times until the earlier of (i) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Registration Statement (disregarding any reduction pursuant to Section 2(f)) without restriction pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all material information regarding the Company and its securities. The Company shall submit to the SEC, within one (1) Business Day after the Company learns that no review of a particular Registration Statement will be made by the Staff or that the Staff has no further comments on a particular Registration Statement (as the case may be), a request for acceleration of effectiveness of such Registration Statement to a time and date not later than twenty-four (24) hours after the submission of such request. The Company shall respond in writing to comments made by the SEC in respect of a Registration Statement as soon as practicable, but in no event later than fifteen (15) days after the receipt of comments by or notice from the SEC that an amendment is required in order for a Registration Statement to be declared effective.

(b) Subject to Section 3(r) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the Securities Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effective Date, the Company shall file with the SEC in accordance with Rule 424(b) under the Securities Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement (whether or not such a prospectus is technically required by such rule). In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a report on Form 8-K, Form 10-K or Form 10-Q or any analogous report under the Exchange Act, the Company shall, if permitted under the applicable rules

and regulations of the SEC, have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the Exchange Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) The Company shall (A) permit each Investor to review and comment upon (i) each Registration Statement at least three (3) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to each Registration Statement (including, without limitation, the prospectus contained therein) (except for Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which for any other Investor reasonably objects; provided, however, that if any Investor does not provide comments to such Registration Statement within three (3) Business Days of receipt thereof, such failure to respond shall be construed as approval to file the Registration Statement. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto or to any prospectus contained therein without the prior consent of each Investor, which consent shall not be unreasonably withheld. The Company shall promptly furnish to each Investor, without charge, (i) copies of any correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Purchase Agreement), (ii) after the same is prepared and filed with the SEC, one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, and all exhibits and (iii) upon the effectiveness of each Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with each Investor in performing the Company's obligations pursuant to this Section

(d) The Company shall promptly furnish to each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) after the same is prepared and filed with the SEC, at least one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of each Registration Statement, ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request from time to time) and (iii) such other documents, including, without limitation, copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor.

(e) The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Investors of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including, without limitation, post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly provide notification pursuant to the Notice Provision in Section 11(b) of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(f) The Company shall provide notification pursuant to the Notice Provision in Section 11(b) in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, may include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission and deliver ten (10) copies of such supplement or amendment to Legal Counsel, legal counsel for each other Investor and each Investor (or such other number of copies as Legal Counsel, legal counsel for each other Investor or such Investor may reasonably request). The Company shall also promptly provide notification pursuant to the Notice Provision in Section 11(b) in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel, legal counsel for each other Investor and each Investor by e-mail on the same day of such effectiveness and by overnight mail), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto (it being understood and agreed that the Company's response to any such comments shall be delivered to the SEC no later than fifteen (15) Business Days after the receipt thereof).

(g) The Company shall (i) use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of each Registration Statement or the use of any prospectus contained therein, or the suspension of the qualification, or the loss of an exemption from qualification, of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and (ii) provide notification pursuant to the Notice Provision in Section 11(b) of the Purchase Agreement of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(h) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investors, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

(i) If any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, upon the written request of such Investor, the Company shall make available for inspection by (i) such Investor, (ii) legal counsel for such Investor and (iii) one (1) firm of accountants or other agents retained by such Investor (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, each Inspector shall agree in writing to hold in strict confidence and not to make any disclosure (except to such Investor) or use of any Record or other information which the Company's board of directors determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (1) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the Securities Act, (2) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (3) the information in such Records has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document (as defined in the Purchase Agreement). Such Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any

other confidentiality agreement between the Company and such Investor, if any) shall be deemed to limit any Investor's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the Securities Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(k) Without limiting any obligation of the Company under the Purchase Agreement, the Company shall use its best efforts either to (i) cause all of the Registrable Securities covered by each Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, (ii) secure designation and quotation of all of the Registrable Securities covered by each Registration Statement on an Eligible Market (as defined in the Purchase Agreement), or (iii) if, despite the Company's best efforts to satisfy the preceding clauses (i) or (ii) the Company is unsuccessful in satisfying the preceding clauses (i) or (ii), without limiting the generality of the foregoing, to use its best efforts to arrange for at least two market makers to register with the Financial Industry Regulatory Authority ("**FINRA**") as such with respect to such Registrable Securities. In addition, the Company shall cooperate with each Investor and any broker or dealer through which any such Investor proposes to sell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by such Investor. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 3(k).

(l) The Company shall cooperate with the Investors who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts (as the case may be) as the Investors may reasonably request from time to time and registered in such names as the Investors may request.

(m) If requested by an Investor, the Company shall as soon as practicable after receipt of notice from such Investor and subject to Section 3(r) hereof, (i) incorporate in a prospectus supplement or post-effective amendment such information as an Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement or prospectus contained therein if reasonably requested by an Investor holding any Registrable Securities,.

(n) The Company shall use its best efforts to cause the Registrable Securities covered by a Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(o) The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the Securities Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effective Date of each Registration Statement.

(p) The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(q) Within one (1) Business Day after a Registration Statement which covers Registrable Securities is declared effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as **Exhibit A**.

(r) The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by each Investors of its Registrable Securities pursuant to each Registration Statement.

(s) Neither the Company nor any Subsidiary or affiliate thereof shall identify any Investor as an underwriter in any public disclosure or filing with the SEC, the Principal Market or any Eligible Market and any Purchaser being deemed an underwriter by the SEC shall not relieve the Company of any obligations it has under this Agreement or any other Transaction Document (as defined in the Purchase Agreement); provided, however, that the foregoing shall not prohibit the Company from including the disclosure found in the "Plan of Distribution" section attached hereto as **Exhibit B** in the Registration Statement.

(t) Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Purchasers in this Agreement or otherwise conflicts with the provisions hereof.

4. Obligations of the Investors.

(a) At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of each Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of Section 3(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary in this Section 4(c), the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Purchase Agreement in connection with any sale of Registrable Securities with respect to which

such Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f) and for which such Investor has not yet settled.

5. Expenses of Registration.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, FINRA filing fees (if any) and fees and disbursements of counsel for the Company shall be paid by the Company. Indemnification.

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the Securities Act or the Exchange Act and each of the directors, officers, shareholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Indemnified Person is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(d); and (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) Promptly after receipt by an Indemnified Person under this Section 6 of notice of the commencement of any action or proceeding (including, without limitation, any governmental action or proceeding) involving a Claim, such Indemnified Person shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person ; provided, however, an Indemnified Person shall have the right to retain its own counsel with the fees and expenses of such counsel to be paid by the indemnifying party if: (i) the indemnifying party has agreed in writing to pay such fees and expenses; (ii) the indemnifying party shall have failed promptly to assume the defense of such Claim and to employ counsel reasonably satisfactory to such Indemnified Person in any such Claim; or (iii) the named parties to any such Claim (including, without limitation, any impleaded parties) include both such Indemnified Person and the indemnifying party, and such Indemnified Person shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Person and the indemnifying party (in which case, if such Indemnified Person notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, then the indemnifying party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the indemnifying party, provided further that in the case of clause (iii) above the indemnifying party shall not be responsible for the reasonable fees and expenses of more than one (1) separate legal counsel for such Indemnified Person). The Indemnified Person shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Person reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Person of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Indemnified Person. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person under this Section 6, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action.

(c) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(d) The indemnity and contribution agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

6. Contribution.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

7. Reports Under the Exchange Act

With a view to making available to the Investors the benefits of Rule 144, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any rights or obligations of the Company under the Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

8. Transfer or Assignment of Registration Rights.

(a) All or any portion of the rights under this Agreement shall be automatically assignable by each Investor to any transferee or assignee (as the case may be) of all or any portion of such Investor's Registrable Securities or Notes, if: (i) such Investor agrees in writing with such transferee or assignee (as the case may be) to assign all or any portion of such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of (a) the name and address of such transferee or assignee (as the case may be), and (b) the securities with respect to which such registration rights are being transferred or assigned (as the case may be); (iii) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the Securities Act or applicable state securities laws if so required; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence such transferee or assignee (as the case may be) agrees in writing with the Company to be bound by all of the provisions contained herein (v) such transfer or assignment (as the case may be) shall have been made in accordance with the applicable requirements of the Purchase Agreement and the Notes (as the case may be); and such transfer or assignment (as the case may be) shall have been conducted in accordance with all applicable federal and state securities laws, rules, and regulations, any applicable exchange rules and regulations, and any applicable SRO rules and regulations.

9. Amendment of Registration Rights.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders; provided that any such amendment or waiver that complies with the foregoing, but that disproportionately, materially and adversely affects the rights and obligations of any Investor relative to the comparable rights and obligations of the other Investors shall require the prior written consent of such adversely affected Investor. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company, provided that no such amendment shall be effective to the extent that it (1) applies to less than all of the holders of Registrable Securities or (2) imposes any obligation or liability on any Investor without such Investor's prior written consent (which may be granted or withheld in such Investor's sole discretion). No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration (other than the reimbursement of legal fees) also is offered to all of the parties to this Agreement.

10. Miscellaneous.

(a) Solely for purposes of this Agreement, a Person is deemed to be a holder of Registrable Securities whenever such Person owns, or is deemed to own, of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from such record owner of such Registrable Securities.

(b) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by electronic mail (provided that such sent email is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's email server that such e-mail could not be delivered to such recipient); or (iii) one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The mailing addresses and e-mail addresses for such communications shall be:

if to Purchasers: as provided in the Purchase Agreement

with a copy (that shall not constitute notice) to:
REDACTED

if to the Company:
ProPhase Labs, Inc.
626 RXR Plaza, 6th Floor
Uniondale, New York 11556
Attn: Ted Karkus, CEO Email: karkus@prophaselabs.com

with a copy (that shall not constitute notice) to:
REDACTED

If to the Transfer Agent:

Equiniti Trust Company, LLC
28 Liberty Street, Floor 53
New York, NY 10005
Attn: Administration
Email: Admin3@equiniti.com

If to a Purchaser, to its mailing address and/or email address set forth on the Schedule of Purchasers attached to the Purchase Agreement, with copies to such Purchaser's

representatives as set forth on the Schedule of Purchasers, or to such other mailing address and/or email address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) Business Days prior to the effectiveness of such change, provided that Lead Investor's Counsel shall only be provided notices sent to the Lead Investor.

(c) Any Investor may deliver a written notice (an "**Opt-Out Notice**") to the Company requesting that such Investor not receive notices from the Company otherwise required by the last sentence of Section 3(e), the first sentence of Section 3(f) or Section 3(g)(ii); *provided, however,* that the Investor may later revoke any such Opt-Out Notice in writing. Following receipt of an Opt-Out Notice from the Investor (unless subsequently revoked), (i) the Company shall not deliver any such notices to the Investor and the Investor shall no longer be entitled to the rights associated with any such notice and (ii) each time prior to the Investor's intended use of an effective Registration Statement, the Investor will notify the Company in writing at least two (2) Business Days in advance of such intended use, and if a notice of an event contemplated by Section 3 was previously delivered (or would have been delivered but for the provisions of this Section 11(c)) and a related suspension period remains in effect, the Company will so notify the Investor within one (1) Business Day of the Investor's notification to the Company by delivering to the Investor a copy of such previous notice provided to the other Investors.

(d) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof. The Company and each Investor acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement by any other party hereto and to enforce specifically the terms and provisions hereof (without the necessity of showing economic loss and without any bond or other security being required), this being in addition to any other remedy to which any party may be entitled by law or equity.

(e) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by Section 5.08 of the Purchase Agreement. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(f) If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(g) This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein constitute the entire agreement among the parties hereto and thereto solely with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto solely with respect to the subject matter hereof and thereof; provided, however, nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Investor has entered into with the Company or any of its Subsidiaries prior to the date hereof with respect to any prior investment made by such Investor in the Company, (ii) waive, alter, modify or amend in any respect any obligations of the Company or any of its Subsidiaries or any rights of or benefits to any Investor or any other Person in any agreement entered into prior to the date hereof between or among the Company and/or any of its Subsidiaries and any Investor and all such agreements shall continue in full force and effect or (iii) limit any obligations of the Company under any of the other Transaction Documents.

(h) Subject to compliance with Section 9 (if applicable), this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto. This Agreement is not for the benefit of, nor may any provision hereof be enforced by, any Person, other than the parties hereto, their respective permitted successors and assigns and the Persons referred to in Sections 6 and 7 hereof.

(i) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(j) This Agreement may be executed in two or more identical counterparts, each of which shall be deemed an original, but all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an email which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(k) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(l) The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party. Notwithstanding anything to the contrary set forth in Section 10, terms used in this Agreement but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by each Investor.

(m) All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, determined as if all of the outstanding Notes then held by the Investors have been converted for Registrable Securities without regard to any limitations on redemption, amortization and/or conversion of the Notes then held by Investors.

(n) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

(o) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights,

including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[Signature page follows]

IN WITNESS WHEREOF, each Purchaser and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

IN WITNESS WHEREOF, each Purchaser and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

REDACTED

By: _____
Name:
Title:

REDACTED

By: _____
Name:
Title:

EXHIBIT A

FORM OF NOTICE OF EFFECTIVENESS OF REGISTRATION STATEMENT

_____
_____
_____

Attention: _____

Re: PROPHASE LABS, INC.

Ladies and Gentlemen:

[We are][I am] counsel to **PROPHASE LABS, INC.**, a Delaware corporation (the "**Company**"), and have represented the Company in connection with that certain Securities Purchase Agreement (the "**Purchase Agreement**") entered into by and among the Company and the purchasers named therein (collectively, the "**Purchasers**") pursuant to which the Company issued to the holders 20% OID Senior Secured Convertible Notes (the "**Notes**") and Warrants to Purchase Common Stock (the "**Warrants**" and, together with the Notes, the "**Securities**") convertible into or exercisable for the Company's Common Stock, par value $0.0005 per share (the "**Common Stock**"). Pursuant to the Purchase Agreement, the Company also has entered into a Registration Rights Agreement with the Purchasers (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement), including the shares of Common Stock issuable upon conversion of the Notes or exercise of the Warrants, under the Securities Act of 1933, as amended (the "**Securities Act**"). In connection with the Company's obligations under the Registration Rights Agreement, on _____ __, 20__, the Company filed a Registration Statement on Form S-1 (File No. 333- _____) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to the Registrable Securities which names each of the Purchasers as a selling stockholder thereunder.

In connection with the foregoing, [we][I] advise you that [a member of the SEC's staff has advised [us][me] by telephone that [the SEC has entered an order declaring the Registration Statement effective under the Securities Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS]] [an order declaring the Registration Statement effective under the Securities Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS]] has been posted on the web site of the SEC at www.sec.gov] and [we][I] have no knowledge, after a review of information posted on the website of the SEC at http://www.sec.gov/litigation/stoporders.shtml, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for resale under the Securities Act pursuant to the Registration Statement.

This letter shall serve as our standing opinion to you that the shares of Common Stock underlying the Securities are freely transferable by the Purchasers pursuant to the Registration Statement. You need not require further letters from us to effect any future legend-free issuance or reissuance of such shares of Common Stock to the Purchasers as contemplated by the Company's Irrevocable Transfer Agent Instructions dated _____ __, 20__.

Very truly yours,

[ISSUER'S COUNSEL]

By: _____

cc: REDACTED

EXHIBIT B

SELLING STOCKHOLDERS

The shares of common stock being offered by the selling stockholders are those issuable to the selling stockholders upon conversion of the notes and exercise of warrants. For additional information regarding the issuance of such securities, see "Private Placement of Securities" above. We are registering the shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time. Except for the ownership of the notes and warrants issued pursuant to the Purchase Agreement, the selling stockholders have not had any material relationship with us within the past three years.

The table below lists the selling stockholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the shares of common stock held by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by the selling stockholders, based on their respective ownership of common stock and notes, as of _____, 20__, assuming conversion of the notes and exercise of the warrants held by each such selling stockholder on that date but taking account of any limitations on conversion set forth therein.

The third column lists the shares of common stock being offered by this prospectus by the selling stockholders and does not take in account any limitations on conversion of the notes and exercise of warrants set forth therein.

In accordance with the terms of a registration rights agreement with the holders of the securities, this prospectus generally covers the resale of the sum of (i) the maximum number of shares of common stock issued or issuable pursuant to the securities. Because the conversion price of the notes and exercise price of the warrants may be adjusted, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Under the terms of the securities, a selling stockholder may not convert the notes or exercise warrants to the extent (but only to the extent) such selling stockholder or any of its affiliates would beneficially own a number of shares of common stock which would exceed 4.99% of the outstanding shares of the Company. The number of shares in the second column reflects these limitations. The selling stockholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to Offering	Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock Owned After Offering
[ ]			

Exhibit 10.5

Security Agreement

THIS SECURITY AGREEMENT, dated as of July 22, 2025 (this "**Agreement**"), is by and among (1) ProPhase Labs, Inc., a Delaware corporation (the "**Company**"), and each of its Subsidiaries who shall have executed this Agreement below (collectively with the Company, "**Debtor**"), on the one hand, and (2) the holder(s) of the Company's 20% OID Senior Secured Convertible Notes in the aggregate Original Principal Amount (as defined in the Purchase Agreement) of $3,750,0000 (the "**Notes**") signatory hereto, their endorsees, transferees and assigns (each holder a "**Secured Party**," and collectively, the "**Secured Parties**"), on the other. Each of the Company and the Secured Parties are a "party" to this Agreement, and one or more of them are the "parties" hereto as the context may require.

WITNESSETH:

WHEREAS, the Notes have been issued to the Securities pursuant to that certain Securities Purchase Agreement, dated as of the date hereof, between the Company and original holders of Notes (as amended, modified, or supplemented from time to time in accordance with its terms, the "**Purchase Agreement**"), and pursuant thereto the Secured Parties have severally agreed to extend loans to the Company evidenced by the Notes; and

WHEREAS, in order to induce the Secured Parties to extend the loans evidenced by the Notes, the Debtor has agreed to execute and deliver to the Secured Parties this Agreement and to grant the Secured Parties a lien security interest in all of the assets of the Company to secure the prompt payment, performance and discharge in full of all of the Company's obligations (whether at the stated maturity, by acceleration or otherwise) under the Purchase Agreement and the Notes and the other Obligations (as defined below).

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1 Certain Definitions.

As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as '**account**', '**chattel paper**', '**commercial tort claim**', '**deposit account**', '**document**', '**equipment**', '**fixtures**', '**general intangibles**', '**goods**', '**instruments**', '**inventory**', '**investment property**', '**letter-of-credit rights**', '**proceeds**', '**securities**', and '**supporting obligations**') shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "**Collateral**" means the collateral in which the Secured Parties are granted a lien and security interest by this Agreement and which shall include only the following property of the Debtor (as defined below):

(i) **All assets of the Debtor**, wherever located or deemed located, now owned or at any time hereafter acquired by the Debtor or in which the Debtor now has or at any time in the future may acquire any right, title or interest including, without limitation, all machinery, equipment, fixtures, goods, inventory, furnishings, computers, software, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, wherever situated, all Intellectual Property, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with Debtor's businesses and all improvements thereto; and

(ii) All accounts of the Debtor; and

(iii) All chattel paper of the Debtor; and

(iv) All commercial tort claims of the Debtor; and

(v) All, general intangibles, including: (A) all rights of the Debtor to receive moneys due and to become due to it thereunder or in connection therewith; (B) all rights of the Debtor to receive proceeds of any insurance, indemnity, warranty or guarantee with respect thereto; (C) all claims of the Debtor for damages arising out of any breach of or default thereunder; and (D) all rights of the Debtor to terminate, amend, supplement, modify or exercise rights or options thereunder; and

(vi) All documents, deposit accounts, goods, instruments, investment property (including all securities, security entitlements and commodity contracts), and letter of credit rights,

(vii) All deposits and all money; and

(viii) All books and records pertaining to the Collateral;

(ix) All Intellectual Property of the Debtor, including, but not limited to those set forth onSchedule F hereto; and

(x) All Proceeds and products of any of the foregoing, and all substitutions or replacements of any Collateral.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9-408 of the UCC or other similar applicable law); provided, however, that to the extent permitted by applicable law, this Agreement shall create a valid lien security interest in such asset and, to the extent permitted by applicable law, this Agreement shall create a valid lien security interest in the proceeds of such asset (subject, in each case, to Permitted Liens).

(b) "**Intellectual Property**" means the collective reference to all rights, priorities and privileges relating to the intellectual property of the Debtor, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation: (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office; (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof ("**Patent Rights**"); (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names, business listings and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto ("**Trademark Rights**"); (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof; (v) all rights to obtain any reissues, renewals or extensions of the foregoing; (vi) all licenses for any of the foregoing; and (vii) all causes of action for infringement of the foregoing.

(c) "**Obligations**" means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) of any Debtor due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, the Secured Parties, including, without limitation, all obligations under this Agreement, the Purchase Agreement, the Notes and the other Transaction Documents (as defined in the Purchase Agreement) and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from any of the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "**Obligations**" shall include, without limitation: (i) principal of, and interest on and all expenses related to, the Notes and the loans extended pursuant thereto; (ii) any and all other fees, indemnities, costs, obligations, liquidated damages and liabilities of the Debtor from time to time under or in connection with this Agreement, the Purchase Agreement, the Notes, the other Transaction Documents and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (iii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor.

(d) "**Permitted Liens**" shall mean, with respect to any Person: (i) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws, or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness), or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for the payment of rent or deposits made to secure obligations arising from contractual or warranty refunds, in each case, incurred in the ordinary course of business; (ii) liens imposed by law, such as carriers', warehousemen's, materialmen's, repairmen's, and mechanics' liens, in each case, incurred in the ordinary course of business and for sums not yet overdue for a period of more than thirty (30) days or, if more than thirty (30) days overdue, are unfiled and no other action has been taken to enforce such lien or that are being contested in good faith by appropriate proceedings or other liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with generally accepted accounting principles ("**GAAP**"); (iii) liens for taxes, assessments, or other governmental charges, not yet overdue for a period of more than thirty (30) days or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP; (iv) liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal, or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the ordinary course of its business; (v) minor survey exceptions, minor encumbrances, ground leases, easements, or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines, and other similar purposes, or zoning, building codes, or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental, to the conduct of the business of such Person or to the ownership of its properties in each case which were not incurred in connection with the Notes and which do not materially interfere with the business of the Debtor; (vi) leases, subleases, licenses, or sublicenses (including of Intellectual Property) granted to others in the ordinary course of business and which do not materially interfere with the business of the Debtor; (vii) deposits made or other security provided to secure liabilities to insurance carriers under insurance or self-insurance arrangements in the ordinary course of business; (viii) restrictive covenants affecting the use to which real property may be put; provided that the covenants are complied with in all material respects; (ix) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business; (x) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements, and contract zoning agreements; (xi) liens arising out of conditional sale, title retention, consignment, or similar arrangements for sale of goods entered into by the in the ordinary course of business; (xii) liens arising under this Agreement or documents or instruments related to the Notes; (xiii) Liens to secure other Permitted Indebtedness (as defined in the Purchase Agreement); and (xiv) with respect to any mortgaged property, the matters listed as exceptions to title on Schedule B of a standard title policy covering such mortgaged property and the matters disclosed in any survey delivered to the lender with respect to such mortgaged property to the extent such matters are reasonably acceptable to the lender. For purposes of this definition, the term "**indebtedness**" shall be deemed to include interest on, and fees, expenses, liquidated damages and other obligations payable with respect to, such indebtedness.

(e) "**Proceeds**" shall mean all "**proceeds**" as such term is defined in Article 9 of the UCC and, in any event, shall include with respect to the Debtor, any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other Person as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes Collateral, and shall include: (i) all cash and negotiable instruments received by or held (by the Debtor or any other Person) on behalf of the Secured Parties; (ii) any claim of any Debtor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (A) past, present or future infringement or other violation of any patent now or hereafter owned by any Debtor; (B) past, present or future infringement or dilution or other violation of any trademark now or hereafter owned by any Debtor or injury to the goodwill of the business connected with the use thereof or symbolized thereby, (C) past, present or future infringement or other violation of any copyright now or hereafter owned by any Debtor, (D) past, present or future infringement, misappropriation or misuse or other violation or impairment of any other Intellectual Property now or hereafter owned by any Debtor; and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

(f) "**UCC**" means the Uniform Commercial Code of the State of Delaware, or any other applicable law of any state or states which has jurisdiction with respect to all, or any portion of, the Collateral or this Agreement, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "Collateral" will be construed in its broadest sense. Accordingly, if there are from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

Section 2 Grant of Security Interest in Collateral.

(a) As an inducement for the Secured Parties to extend the loans as evidenced by the Notes and to secure the complete and timely payment, performance and discharge in full of all of the Obligations as set forth in the Purchase Agreement and the Notes, as the case may be, of all of the other Obligations, Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Parties (subject in each case to Permitted Liens) a priority security interest in and to, and lien upon and a right of set-off against all of their respective right, title and interest of whatsoever kind and nature in and to, the Collateral as defined above ("**Security Interest**" and, collectively, the "**Collateral**").

(b) Debtor hereby agrees to provide to the Secured Parties or the Collateral Agent (defined as the party appointed by a majority of the Secured Parties) promptly upon request, any information reasonably necessary to effectuate the filings or recordings authorized by this Agreement.

(c) The Secured Parties or the Collateral Agent are further authorized to file with the United States Patent and Trademark Office, the United States Copyright Office or any similar office in any state of the United States (or any successor office), with the signature of each applicable Debtor, such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted hereunder to the Patent Rights and Trademark Rights, all right, title and interest to which have been assigned or will be assigned to the Debtor, by Debtor and naming any Debtor or the Debtor as debtors and the Secured Parties, as the case may be, as secured party.

(d) The Security Interest is granted as security only and shall not subject the Secured Parties to, or in any way alter or modify, any obligation or liability of any Debtor with respect to or arising out of the Collateral.

Section 3 Delivery of Certain Collateral.

The parties hereto agree that Debtor is not obligated to deliver any certificates representing shares of capital stock of any Subsidiary that have not been created to date, and that Debtor is not required to create such certificates for any Subsidiaries. If Debtor creates a new Subsidiary while the Notes are outstanding, Debtor will notify Secured Party and cause such Subsidiary to become an addition "Debtor" party to this Agreement.

Section 4 Representations, Warranties, Covenants and Agreements of the Debtor.

The Debtor represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) Debtor has the requisite corporate, partnership, limited liability company or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by Debtor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of Debtor and no further action is required by Debtor. This Agreement has been duly executed by Debtor. This Agreement constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) Except for the Security Interest granted to the Secured Parties pursuant to this Agreement, and Permitted Liens, Debtor owns, or has valid leaseholds in or the right to use, each item of the Collateral free and clear of any and all liens or other encumbrances. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral that evidences a lien securing any indebtedness is on file or of record in any public office, except such as: (i) have been filed in favor of and for the benefit of the Secured Parties pursuant to this Agreement; (ii) relate to obligations no longer outstanding or are in respect of commitments to lend which have been terminated. No written claim has been received that any Collateral or any Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to any Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to any Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of any Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(c) Debtor shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Parties at least thirty (30) days prior to such relocation: (i) written notice of such relocation and the new location thereof (which must be within the United States); and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Collateral to create in favor of the Secured Parties a valid, perfected and continuing perfected lien in the Collateral.

(d) This Agreement is effective to create in favor of the Secured Parties a valid and perfected lien and security interest in the Collateral, subject only to Permitted Liens, securing the payment and performance of the Obligations. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing Uniform Commercial Code financing statements shall have been duly perfected. Except for the filing of the Uniform Commercial Code financing statements referred to in the immediately following paragraph, the recordation of the Intellectual Property Security Agreement with respect to copyrights and copyright applications in the United States Copyright Office, the execution and delivery of deposit account control agreements satisfying the requirements of Section 9-104(a)(2) of the UCC with respect to each deposit account of the Debtor, and the delivery of the certificates and other instruments provided in section 3, no action is necessary to create, perfect or protect the security interests created hereunder.

(e) Debtor hereby authorizes the Collateral Agent to file one or more financing statements under the UCC, with respect to the Collateral, with the proper filing and recording agencies in any jurisdiction deemed proper by it. Debtor agrees that at any time and from time to time, at the expense of the Debtor, it will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any applicable law, or which the Collateral Agent may reasonably request, in order: (i) to grant, preserve, protect and perfect the validity and priority of the Security Interest created or intended to be created hereby; or (ii) to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the Security Interest created hereby, all at the expense of such Debtor.

(f) The execution, delivery and performance of this Agreement by the Debtor does not: (i) violate any of the provisions of any articles or certificate of incorporation or bylaws or other organizational documents ("**Organizational Documents**") of any Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to any Debtor; or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing any Debtor's debt or otherwise) or other understanding to which any Debtor is a party or by which any property or asset of any Debtor is bound or affected. If any, all required consents (including, without limitation, from stockholders or creditors of any Debtor) necessary for any Debtor to enter into and perform its obligations hereunder have been obtained.

(g) Debtor shall at all times maintain the liens and Collateral provided for hereunder as valid and perfected liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall be terminated pursuant to section 14 hereof. Debtor hereby agrees to defend the same against the claims of any and all Persons and entities. Debtor shall safeguard and protect all Collateral and hold it in trust for the account of the Secured Parties. At the request of the Collateral Agent, Debtor will sign and deliver to the Collateral Agent on behalf of the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Collateral Agent and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Collateral Agent to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Collateral hereunder, and Debtor shall obtain and furnish to the Collateral Agent from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Collateral hereunder.

(h) Debtor will not transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for non-exclusive licenses granted by a Debtor in its ordinary course of business and sales of inventory by a Debtor in its ordinary course of business) without the prior written consent of a Majority in Interest (defined below).

(i) Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage or outside the reach of the Collateral Agent.

(j) Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral, including Collateral hereafter acquired, against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as

are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. Debtor shall cause each insurance policy issued in connection herewith to provide, and the insurer issuing such policy to certify to the Collateral Agent, that: (i) the Collateral Agent or the Secured Parties will be named as lender loss payee and additional insured under each such insurance policy; (ii) if such insurance be proposed to be cancelled or materially changed for any reason whatsoever, such insurer will promptly notify the Collateral Agent and such cancellation or change shall not be effective as to the Collateral Agent for at least thirty (30) days after receipt by the Collateral Agent of such notice, unless the effect of such change is to extend or increase coverage under the policy; and (iii) the Collateral Agent will have the right (but no obligation) at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of such default at the expense of the Debtor. If no Event of Default (as defined in the Notes) exists and if the proceeds arising out of any claim or series of related claims do not exceed $100,000, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Debtor; provided, however, that payments received by any Debtor after an Event of Default occurs and is continuing or in excess of$100,000 for any occurrence or series of related occurrences shall be paid to the Collateral Agent on behalf of the Secured Parties and, if received by Debtor, shall be held in trust for the Secured Parties and immediately paid over to the Collateral Agent unless otherwise directed in writing by the Collateral Agent. Copies of such policies or the related certificates, in each case, naming the Collateral Agent as lender loss payee and additional insured shall be delivered to the Collateral Agent upon the execution of this Agreement and at least annually and at the time any new policy of insurance is issued.

(k) Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest, through the Collateral Agent, therein.

(l) Debtor shall permit the Collateral Agent and its representatives and agents to inspect the Collateral during normal business hours and upon reasonable prior notice, and to make copies of records pertaining to the Collateral as may be reasonably requested by the Collateral Agent from time to time.

(m) Debtor shall, *sua sponte*, take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral without the need for a request therefore from the Collateral Agent.

(n) Debtor shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by Debtor that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder and shall promptly take all necessary or appropriate action to remediate, mitigate or eliminate such adverse action at its own expense.

(o) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(p) The Debtor shall at all times preserve and keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its business.

(q) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the Secured Parties to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Collateral Agent upon demand.

(r) Debtor, in its capacity as issuer, hereby agrees to comply with any and all orders and instructions of Collateral Agent regarding the Collateral consistent with the terms of this Agreement without the further consent of any Debtor as contemplated by Section 8-106 (or any successor Section) of the UCC. Further, Debtor agrees that it shall not enter into a similar agreement (or one that would confer "**control**" within the meaning of Article 8 of the UCC) with any other Person or entity.

(s) Debtor shall cause all tangible chattel paper constituting Collateral to be delivered to the Collateral Agent, or, if such delivery is not possible, then to cause such tangible chattel paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic chattel paper, the applicable Debtor shall cause the underlying chattel paper to be 'marked' within the meaning of Section 9-105 of the UCC (or successor Section thereto).

(t) Debtor shall immediately provide written notice to the Secured Parties of any and all accounts which arise out of contracts with any governmental authority and, to the extent necessary to perfect or continue the perfected status of the Collateral in such accounts and proceeds thereof, shall execute and deliver to the Collateral Agent an assignment of claims for such accounts and cooperate with the Collateral Agent in taking any other steps required, in its judgment, under the Federal Assignment of Claims Act or any similar federal, state or local statute or rule to perfect or continue the perfected status of the Collateral in such accounts and proceeds thereof.

(u) Debtor will from time to time, at the joint and several expense of the Debtor, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

Section 5 Effect of Pledge on Certain Rights.

If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of Collateral Agent's rights hereunder shall not be deemed to be the type of event that would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which any Debtor is subject or to which any Debtor is party.

Section 6 Defaults.

The following events shall be "**Events of Default**":

(a) The occurrence of an Event of Default (as defined in the Notes) under the Notes;

(b) Any representation or warranty of any Debtor in this Agreement shall prove to have been incorrect in any material respect when made;

(c) The failure by any Debtor to observe or perform any of its obligations hereunder for ten (10) days after receipt by Debtor of notice of such failure by or on behalf of a Secured Party unless such default is capable of cure but cannot be cured within such time frame and Debtor is using best efforts to cure same in a timely fashion, provided that if no cure is provided to the satisfaction of the Secured Parties within twenty (20) days after such notice, then the failure shall be deemed an Event of Default; or

(d) If any provision of this Agreement shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested

by any Debtor, or a proceeding shall be commenced by any Debtor, or by any governmental authority having jurisdiction over any Debtor, seeking to establish the invalidity or unenforceability thereof, or any Debtor shall deny that any Debtor has any liability or obligation purported to be created under this Agreement.

Section 7 Duty to Hold in Trust.

(a) Upon the occurrence of any Event of Default and at any time thereafter, Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Collateral, whether payable pursuant to the Notes or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties, pro-rata in proportion to their respective then-currently outstanding principal amount of Notes for application to the satisfaction of the Obligations (and if any Note is not outstanding, pro-rata in proportion to the initial purchases of the remaining Notes).

(b) If any Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of pledged securities or instruments representing pledged securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of Debtor or any of its direct or indirect subsidiaries) in respect of the pledged securities (whether as an addition to, in substitution of, or in exchange for, such pledged securities or otherwise), Debtor agrees to: (i) accept the same as the Collateral Agent of the Secured Parties; and (ii) hold the same in trust on behalf of and for the benefit of the Secured Parties; and (iii) to deliver any and all certificates or instruments evidencing the same to Collateral Agent on or before the close of business on the fifth business day following the receipt thereof by Debtor, in the exact form received together with the necessary endorsements, to be held by Collateral Agent subject to the terms of this Agreement as Collateral.

Section 8 Rights and Remedies Upon Default.

(a) Upon the occurrence of any Event of Default and at any time thereafter, the Secured Parties, acting through the Collateral Agent, shall have the right to exercise all of the remedies conferred hereunder and under the Purchase Agreement and the Notes, and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Collateral Agent, for the benefit of the Secured Parties, shall have the following rights and powers:

(i) The Collateral Agent shall have the right to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any Person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, or to appoint a receiver for such purpose (without the requirement to post a bond or other surety) and Debtor shall assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at Debtor's premises or elsewhere, and make available to the Collateral Agent, without rent, all of Debtor's respective premises and facilities for the purpose of the Collateral Agent taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon notice to the Debtor by Collateral Agent, all rights of Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such notice, Collateral Agent shall have the right to receive, for the benefit of the Secured Parties, any interest, cash dividends or other payments on the Collateral and, at the option of Collateral Agent, to exercise in such Collateral Agent's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, Collateral Agent shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as it were the sole and absolute owner thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or any Debtor or any of its direct or indirect subsidiaries.

(iii) The Collateral Agent shall have the right to operate the business of Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Collateral Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to any Debtor or right of redemption of a Debtor, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Collateral Agent, for the benefit of the Secured Parties, may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of any Debtor, which are hereby waived and released.

(iv) The Collateral Agent shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Collateral Agent, on behalf of the Secured Parties, and to enforce the Debtor's rights against such account debtors and obligors. Anything herein to the contrary notwithstanding, Debtor shall remain liable under each of the accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Unless the Collateral Agent has expressly in writing assumed the obligations and liabilities with respect thereto, and released the Debtor therefrom, neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any account (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any Secured Party of any payment relating thereto, nor shall the Collateral Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Collateral Agent, for the benefit of the Secured Parties, may (but is not obligated to) direct any financial intermediary or any other Person or entity holding any investment property to transfer the same to the Collateral Agent, on behalf of the Secured Parties, or its designee and all Proceeds received by any Debtor consisting of cash, checks and other near cash items shall be held by such Debtor in trust for the Collateral Agent and the Secured Parties, segregated from other funds of such Debtor, and shall, forthwith upon receipt by such Debtor, be turned over to the Collateral Agent in the exact form received by such Debtor (duly endorsed by such Debtor to the Collateral Agent, if required). All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its dominion and control and on terms and conditions reasonably satisfactory to the Collateral Agent. All Proceeds while held by the Collateral Agent in a Collateral Account (or by such Debtor in trust for the Collateral Agent and the Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied.

(v) The Collateral Agent may (but is not obligated to) transfer any or all Intellectual Property registered in the name of any Debtor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Secured Parties or any designee or any purchaser of any Collateral.

(b) The Collateral Agent shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Collateral Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Collateral Agent sells any of the Collateral on credit, the Debtor will only be credited with payments actually made by the purchaser. In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Collateral Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Collateral Agent to further exercise rights and remedies under this section 8 or elsewhere provided by agreement or applicable

law, Debtor hereby grants to the Collateral Agent, for the benefit of the Collateral Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Debtor) to use, license or sublicense following an Event of Default, any Intellectual Property now owned or hereafter acquired by Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

Section 9 Application of Proceeds.

The proceeds of any such sale, lease or other disposition of the Collateral hereunder or from payments made on account of any insurance policy insuring any portion of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Collateral Agent in enforcing the Secured Parties' rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations *pro rata* among the Secured Parties (based on then-outstanding principal amounts of Notes at the time of any such determination), and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Debtor will be personally liable, jointly and severally, for the deficiency, together with interest thereon, at the rate of 15% per annum or the lesser amount permitted by applicable law ("**Default Rate**"), and the reasonable fees and expenses of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, Debtor waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Parties as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

Section 10 Securities Law Provision.

Debtor recognizes that Collateral Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state securities laws (collectively, the "**Securities Laws**"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the pledged securities set forth in Schedule A ("**Pledged Securities**") for their own account, for investment and not with a view to the distribution or resale thereof. Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that Collateral Agent has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. Debtor shall cooperate with Collateral Agent in its attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if requested by Collateral Agent) applicable to the sale of the Pledged Securities by Collateral Agent.

Section 11 Costs and Expenses.

Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Collateral Agent. The Debtor shall also pay all other claims and charges which in the reasonable opinion of the Collateral Agent is reasonably likely to prejudice, imperil or otherwise affect the Collateral or the Collateral therein. The Debtor will also, upon demand, pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and Collateral Agents, which the Collateral Agent, for the benefit of the Secured Parties, may incur in connection with the creation, perfection, protection, satisfaction, foreclosure, collection or enforcement of the Security Interest and the preparation, administration, continuance, amendment or enforcement of this Agreement and pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and Collateral Agents, which the Collateral Agent, for the benefit of the Secured Parties, and the Secured Parties may incur in connection with: (i) the enforcement of this Agreement; (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral; or (iii) the exercise or enforcement of any of the rights of the Secured Parties under the Notes. Until so paid, any fees payable hereunder shall be added to the principal amount of the Notes and shall bear interest at the Default Rate.

Section 12 Responsibility for Collateral.

The Debtor assumes all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) neither the Collateral Agent nor any Secured Party (i) has any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) has any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by Debtor thereunder. Neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Collateral Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Collateral Agent or to which the Collateral Agent or any Secured Party may be entitled at any time or times.

Section 13 Collateral Absolute.

All rights of the Secured Parties and all obligations of the Debtor hereunder, shall be absolute and unconditional, irrespective of: (i) any lack of validity or enforceability of this Agreement, the Purchase Agreement, the Notes or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (ii) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Purchase Agreement, the Notes or any other agreement entered into in connection with the foregoing; (iii) any exchange, release or non-perfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; (iv) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (v) any other circumstance which might otherwise constitute any legal or equitable defense available to a Debtor, or a discharge of all or any part of the Collateral granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Debtor waives all right to require the Secured Parties to proceed against any other person or entity or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Debtor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

Section 14 Term of Agreement.

This Agreement and the Collateral shall terminate on the date on which all payments under the Notes have been indefeasibly paid in full and all other Obligations under the Purchase Agreement have been paid or discharged; provided, however, that all indemnities of the Debtor contained in this Agreement shall survive and remain operative and in full force and effect regardless of the termination of this Agreement. Upon such termination, the Collateral Agent shall, within two (2) business days following written request by the Debtor, execute and deliver all documents and take all actions necessary to evidence the release or termination of the Security Interest, including but not limited to the prompt filing (or authorization to file) of UCC-3 Termination Statements and any similar documents with the appropriate filing offices. If the Secured Party fails to execute or authorize the delivery or filing of any UCC-3 termination statement or other release documentation within the time period set forth in Section (a), then the Company shall have the right, upon five (5) Business Days' prior written notice to the Secured Party, to execute and file such UCC-3 termination statement(s) on behalf of the Secured Party, and the Secured Party hereby irrevocably appoints the Company as its attorney-in-fact for the limited purpose of effecting such filings, which appointment shall be coupled with an interest and shall survive the termination of this Note. Failure to comply with this Section shall constitute a material breach of the Secured Party's obligations hereunder.

Section 15 Power of Attorney; Further Assurances.

(a) Debtor authorizes the Collateral Agent, and does hereby make, constitute and appoint the Collateral Agent and its officers, Collateral Agents, successors or assigns with full power of substitution, as Debtor's true and lawful attorney-in-fact, with power, in the name of the Collateral Agent or Debtor, to, after the occurrence and during the continuance of an Event of Default: (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Collateral Agent; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Collateral Agent, and at the expense of the Debtor, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Collateral Agent deems necessary to protect, preserve and realize upon the Collateral and the Collateral granted therein in order to effect the intent of this Agreement and the Notes all as fully and effectually as the Debtor might or could do; and Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which any Debtor is subject or to which any Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, each Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule C attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Collateral Agent, to perfect the Collateral granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Collateral Agent the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) Debtor hereby irrevocably appoints the Collateral Agent as Debtor's attorney-in-fact, with full authority in the place and instead of Debtor and in the name of Debtor, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as 'all assets', 'all assets now owned or hereafter acquired' or 'all personal property' or words of like import, and ratifies all such actions taken by the Collateral Agent. Debtor hereby also authorizes the Collateral Agent, at any time and from time to time, to file continuation statements with respect to previously filed financing statements.

(d) This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

Section 16 Notices.

All notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Purchase Agreement.

Section 17 Power of Attorney; Further Assurances.

To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other Person, firm, corporation or other entity, then the Collateral Agent shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

Section 18 Appointment of Collateral Agent.

The Secured Parties may appoint a person or entity to act on their behalf with respect to the Collateral pledged hereby ("**Collateral Agent**") and any action to be taken hereunder by the Secured Parties may be taken by the Collateral Agent on their behalf and in their place and stead without further action on the part of the Secured Parties. **The initial Collateral Agent shall be the Lead Investor.** The name and contact information of the Collateral Agent and any replacement Collateral Agent shall be provided in writing to the Debtor at any time or from time to time and shall be binding upon the parties hereto without more. Any reference herein to the Collateral Agent or to the Secured Parties may apply to either or both as the context may require. The fees and reasonable expenses of the Collateral Agent shall be the obligation of the Debtor which hereby agrees to pay such fees and expenses upon demand. Any such appointment shall continue until revoked in writing by a majority of the then outstanding principal balance in interest of the Notes ("**Majority in Interest**"), at which time a Majority in Interest shall appoint a new Collateral Agent. The Collateral Agent, if any, shall have the rights, responsibilities and immunities set forth in Schedule B hereto.

Section 19 Miscellaneous.

(a) No course of dealing between the Debtor and the Secured Parties or the Collateral Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties or the Collateral Agent, any right, power or privilege hereunder or under the Purchase Agreement or the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Notes or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement, the Purchase Agreement and the Notes, together with the exhibits and schedules hereto and thereto, contain the entire understanding of the

parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and the exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Debtor and the Secured Parties holding 67% or more of the principal amount of Notes then outstanding, or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought.

(d) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Debtor may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Secured Party (other than by merger). Any Secured Party may assign any or all of its rights under this Agreement to any Person (as defined in the Purchase Agreement) to whom such Secured Party assigns or transfers any Obligations, provided such transferee agrees in writing to be bound, with respect to the transferred Obligations, by the provisions of this Agreement that apply to the "Secured Parties."

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, all questions concerning the construction, validity, enforcement, and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, Debtor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the Purchase Agreement and the Notes (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or Collateral Agents) shall be governed by Section 5.08 of the Purchase Agreement.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or electronic transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) Debtor shall indemnify, reimburse and hold harmless the Collateral Agent and the Secured Parties and their respective partners, members, shareholders, officers, directors, employees and agents (collectively, "**Indemnitees**") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from the Purchase Agreement, the Notes, this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, non-appealable decision of a court of competent jurisdiction. This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Notes, the Purchase Agreement or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(k) Nothing in this Agreement shall be construed to subject Collateral Agent or any Secured Party to liability as a fiduciary, joint-venturer, agent or partner in any Debtor or any if its direct or indirect subsidiaries that is a partnership or as a member or manager in any Debtor or any of its direct or indirect subsidiaries that is a limited liability company, nor shall Collateral Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any Debtor or any of its direct or indirect subsidiaries or otherwise, unless and until any such Secured Party exercises its right to be substituted for Debtor as a partner or member, as applicable, pursuant hereto.

(l) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of any Debtor or any direct or indirect subsidiary of any Debtor or compliance with any provisions of any of the Organizational Documents, the Debtor hereby grants such consent and approval and waives any such noncompliance with the terms of said documents.

(m) Debtor further agrees that, if any payment made by the Debtor or other Person and applied to the Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of Collateral are required to be returned by any Secured Party to the Debtor, its estate, trustee, receiver or any other Person, including any Debtor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, any lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment had never been made or, if prior thereto the lien granted hereby or other Collateral securing such liability hereunder shall have been released or terminated by virtue of such cancellation or surrender, such lien or other Collateral shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect any lien or other Collateral securing the obligations of any Debtor in respect of the amount of such payment.

(n) Notwithstanding anything to the contrary in this Agreement and the Transaction Documents, the Debtor shall, from the day it becomes aware of an Event of Default (either via notification by a Secured Party, or otherwise) have (30) days ("Enforcement Period") until which the Collateral Agent may take any action to foreclose on and sell the Collateral hereunder. If such circumstances pose immediate or imminent harm to the Secured Parties, the Enforcement Period will be shortened to (1) day. If the Debtor does not cure the Event of Default within such Enforcement Period, the Collateral Agent may exercise the rights and remedies available to it under this Agreement and applicable law. The Collateral Agent may exercise remedies related to the Collateral only following expiration of the Enforcement Period. The Debtor and Secured Parties shall each notify the other within one (1) day of becoming aware of the occurrence or existence of an Event of Default.

(o) Any sale or other disposition of the Collateral shall be conducted in a commercially reasonable public manner and in accordance with applicable law.

****

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

PROPHASE BIOPHARMA, INC.

By: _____
Name: Ted Karkus
Title: Authorized Officer

NEBULA GENOMICS, INC.

By: _____
Name: Ted Karkus
Title: Authorized Officer

TK SUPPLEMENTS, INC.

By: _____
Name: Ted Karkus
Title: Authorized Officer

DNA COMPLETE, INC.

By: _____
Name: Ted Karkus
Title: Authorized Officer

[SIGNATURE PAGE OF HOLDER(S) FOLLOWS]

SIGNATURE PAGE OF HOLDERS OF

20% OID SENIOR SECURED CONVERTIBLE NOTES

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[Investor/Holder Signature Page to Security Agreement]

SCHEDULE A

Principal Place(s) of Business of Debtor and where Collateral is Located and Stored:

Legal Name and Organizational Identification Numbers
ProPhase Labs, Inc.
EIN: 23-2577138
TK Supplements, Inc.
EIN: 47-4603042
Nebula Genomics Holdings, Inc.
EIN: 87-1110117
ProPhase BioPharma, Inc.
EIN: 88-3027733
DNA Complete, Inc.
EIN: 99-5143645

SCHEDULE B
Rights and Privileges of the Collateral Agent

SCHEDULE C
Filing Jurisdictions

SCHEDULE F
Intellectual Property

SCHEDULE H
Pledged Securities

SCHEDULE B
Rights and Privileges of the Collateral Agent

1. **Collateral Agent's Appointment as Attorney-in-Fact, etc.**

(a) The Secured Parties shall appoint, and the Debtor hereby consents to and approves such appointment, which appointment is coupled with an interest, and shall automatically terminate on the date that all Obligations under the Purchase Agreement, this Agreement and the Notes (subject to the reinstatement provision of section 6 hereof) ("**Termination Date**"), the Collateral Agent and any officer or agent thereof, with full power of substitution, as Debtor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Debtor and in the name of such Debtor or otherwise, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or advisable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, Debtor hereby gives the Collateral Agent the power and right, on behalf of such Debtor, either in the Collateral Agent's name or in the name of such Debtor or otherwise, without assent by such Debtor, to do any or all of the following, in each case after the occurrence and during the continuance of an Event of Default all without prior notice to the Debtor (provided that the Collateral Agent shall provide prompt notice to the Debtor thereafter of the initial exercise of any such rights): (i) take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any account constituting Collateral or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any account constituting Collateral or with respect to any other Collateral whenever payable; (ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Collateral Agent may reasonably request to evidence the Security Interest in such Intellectual Property and the goodwill and general intangibles of such Debtor relating thereto or represented thereby; (iii) pay or discharge taxes and liens levied or placed on or threatened against any of the Collateral (other than taxes not required to be discharged under this Agreement and other than Permitted Liens); (iv) execute, in connection with any sale provided for in this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to any of the Collateral; (v) obtain and adjust insurance required to be maintained by such Debtor pursuant to this Agreement; (vi) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct; (vii) ask or demand for, collect and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any of the Collateral; (viii) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (ix) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any of the Collateral; (x) defend any suit, action or proceeding brought against such Debtor with respect to any of the Collateral; (xi) settle, compromise or adjust any such suit, action or proceeding with respect to any of the Collateral and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate; and (xii) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and such Debtor's expense, at any time, or from time to time, all acts and things that the Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the Security Interest therein and to effect the intent of this Agreement, all as fully and effectively as such Debtor might do.

(b) Subject to any limitations of the Collateral Agent to take actions as set forth in clause (a) above, if any Debtor fails to perform or comply with any of its agreements contained herein within a reasonable period of time after the Collateral Agent has requested it to do so, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement at Debtor's sole expense.

(c) Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interest created hereby is released.

2. **Duty of Collateral Agent.**

The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Neither the Collateral Agent, any Secured Party nor any of their respective officers, directors, employees, attorneys in fact or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Debtor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Agent and the Secured Parties hereunder are solely to protect the Collateral Agent's and the Secured Parties' interests in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Debtor for any act or failure to act hereunder, except for their own respective gross negligence or willful gross misconduct as determined in a final non-appealable judgment of a court of competent jurisdiction. The Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Collateral Agent's lien thereon, or any certificate prepared by the Debtor in connection therewith, nor shall the Collateral Agent be responsible or liable to the Secured Parties for any failure to monitor or maintain any portion of the Collateral.

3. **Authority of Collateral Agent**.

Debtor acknowledges that the rights and responsibilities of the Collateral Agent under this Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Collateral Agent and the Secured Parties, be governed by this Agreement, and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and the Debtor, the Collateral Agent shall be conclusively presumed to be acting as agent for the applicable Secured Parties with full and valid authority so to act or refrain from acting, and no Debtor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

4. **Security Interest Absolute.**

All rights of the Collateral Agent hereunder, the Security Interest and all Obligations of the Debtor hereunder shall be absolute and unconditional.

5. **Continuing Security Interest; Assignments Under this Agreement; Release**.

(a) This Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon Debtor and the successors and assigns thereof and shall inure to the benefit of the Collateral Agent and the Secured Parties and their respective successors, endorsees, transferees and assigns permitted under this Agreement until the Termination Date (subject to the reinstatement provision of section 6 below).

(b) The Security Interest granted hereby in any Collateral shall automatically be released as it relates to the Obligations upon the effectiveness of any written consent to the release of the Security Interest granted hereby by the Secured Parties or the Collateral Agent. Any such release in connection with any sale, transfer or other disposition of such Collateral permitted under this Agreement to a Person that is not a Debtor shall result in such Collateral being sold, transferred or disposed of, as applicable, free and clear of the lien and Security Interest created hereby.

(c) In connection with any termination or release pursuant to clause (a) or clause (b) above, the Collateral Agent shall execute and deliver to any Debtor, at such Debtor's expense, all documents that such Debtor shall reasonably request to evidence such termination or release subject to, if reasonably requested by the Collateral Agent, the Collateral Agent's receipt of a certification by the Company stating that such transaction is in compliance with this Agreement, the Purchase Agreement and Notes. Any execution and delivery of documents pursuant to this section 5 shall be without recourse to or warranty by the Collateral Agent. In connection with any termination or release of the Security Interest, the Collateral Agent shall, within two (2) business days following written request by the Debtor, execute and deliver to the Debtor, at such Debtor's expense, all documents and take all actions reasonably necessary to evidence such termination or release, including but not limited to the prompt filing (or authorization to file) of UCC-3 Termination Statements and any similar documents with the appropriate filing offices. If the Secured Party fails to execute or authorize the delivery or filing of any UCC-3 termination statement or other release documentation within the time period set forth herein, then the Company shall have the right, upon five (5) Business Days' prior written notice to the Secured Party, to execute and file such UCC-3 termination statement(s) on behalf of the Secured Party, and the Secured Party hereby irrevocably appoints the Company as its attorney-in-fact for the limited purpose of effecting such filings, which appointment shall be coupled with an interest and shall survive the termination of this Note. Failure to comply with this Section shall constitute a material breach of the Secured Party's obligations hereunder.

6. **Reinstatement**.

Debtor further agrees that, if any payment made by the Debtor or other Person and applied to the Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of Collateral are required to be returned by any Secured Party to the Debtor, its estate, trustee, receiver or any other Person, including any Debtor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, any lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment had never been made or, if prior thereto the lien granted hereby or other Collateral securing such liability hereunder shall have been released or terminated by virtue of such cancellation or surrender, such lien or other Collateral shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect any lien or other Collateral securing the obligations of any Debtor in respect of the amount of such payment.

7. **Liability**.

Neither the Collateral Agent nor any of its managers, members, officers, directors, employees, agents, attorneys in fact or affiliates shall be liable to any party for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other agreement, document or instrument except for its or such other Person's own gross negligence or willful gross misconduct, as determined in a final non-appealable judgment of a court of competent jurisdiction.

SCHEDULE C

Filing Jurisdictions

1. Delaware
2. New York

SCHEDULE F

Intellectual Property

Method & composition for topical treatment of diabetic neuropathy
US 7,914,823

Nutritional product for enhancing physical performance
US 11,426,439

Be-Smart Patent:
US-11874277-B2

Equivir licensed patents
US Pat. No. 10,383,842 Method and composition for preventing and treating viral infections 12
US Pat. No. 11,033,528 Method and composition for preventing and treating viral infections 13
US appln 17/346,569 Method and composition for preventing and treating viral infections 14
US appln 17/346,602 Method and composition for preventing and treating viral infections

Linebacker licensed patents
US 10,123,991
US 10,966,954

SCHEDULE H

Pledged Securities

None

Exhibit 10.6

July 22, 2025

Equiniti Trust Company LLC
28 Liberty Street, Floor 53
New York, NY 10005
Attention: REDACTED, Team Lead
Team Email: REDACTED

Instruction to Reserve Shares

Ladies and Gentlemen:

The undersigned ProPhase Labs, Inc., a Delaware corporation (the "Company"), and certain investors identified therein (the "Investors"), including the undersigned REDACTED ("**Lead Investor**") have entered into a Securities Purchase Agreement dated as of the date hereof (the "Agreement") providing for the issuance of the Company's Senior Secured Convertible Note(s) ("**Notes**") and Warrants ("**Warrants**"; and collectively with the Notes, "**Securities**") to purchase Common Stock, par value $0.0005 per share, of the Company ("**Common Stock**").

You as the Company's duly appointed and acting transfer agent for the Common Stock ("**Transfer Agent**") are hereby irrevocably authorized and instructed to reserve a specified number of shares of Common Stock (initially being 1,000,0000 shares of Common Stock) for issuance upon any partial or full conversion of Notes and/or exercise of Warrants in accordance with the terms thereof. In the event of a stock split, the reserve amount will be automatically adjusted with the same ratio as the stock split. **The amount of Common Stock so reserved may be increased, from time to time, only upon the written instructions of the Company or the Lead Investor.** Without limiting the generality of foregoing, upon the Company's obtaining of the Stockholder Approval (as defined and provided in Section 4.03 of the Agreement) the Company shall and the Lead Investor may instruct the Transfer Agent to increase such amount reserved to 226,310,704 shares. The Company and Lead Investor understand that the Transfer Agent will only increase the reserve if authorized unissued shares of Common Stock are available and have not been previously reserved. Further, conversions and exercises will only be processed should there be sufficient unissued, but authorized shares of Common Stock available.

The ability to convert or exercise the Securities in a timely manner is a material obligation of the Company pursuant to such Securities. You have the right to rely on each notice of conversion or exercise ("**Notice**") as presented and have no responsibility to verify the conversion formula used. **Provided you are acting as Transfer Agent at the time**, your firm is hereby irrevocably authorized and instructed to within two (2) trading days issue shares of Common Stock to relevant Investors without any further action or confirmation by the Company upon your receipt from the relevant Investor of: (i) a Notice executed by such Investor; (ii) opinion of counsel confirming that the shares to be issued have been registered and the relevant registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), is currently effective or an opinion of counsel of such Investor or the Company, in form, substance and scope customary for opinions of counsel in comparable transactions (and satisfactory to the Transfer Agent), to the effect that the applicable shares of Common Stock are not "restricted securities" as defined in Rule 144 and otherwise may be issued pursuant to Rule 144 under the Securities Act without any transfer restrictions; and (iii) customary seller representation letter for sales made under Rule 144 signed by such Investor if applicable. Such shares should be issued and delivered, at the option of the Investor as specified in the Notice or similar instruction either (i) electronically if the Company is approved by The Depository Trust Company ("DTC") for Deposit Withdrawal at Custodian ("DWAC") processing by making the shares available in book-entry form for further credit to the Investor's account at a participant broker with DTC through its DWAC system, provided the Investor causes its broker or bank to properly initiate a DWAC deposit, or (ii) in certificated form without any restrictive legend which would restrict the transfer of the shares; *provided, however,* that if such shares are not registered for resale under the Securities Act or are not able to be sold under Rule 144 and you have not received an opinion of counsel that the issuance of the shares is exempt from registration under the Securities Act, then the issued certificates for such shares shall bear the following restrictive legend:

> THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

The unissued shares of Common Stock shall remain in the created reserve with you, the Transfer Agent, until the Lead Investor**and** an authorized officer of the Company provide written instructions to you that the shares or any part of them shall be taken out of the reserve and shall no longer be subject to the terms of these instructions.

The Company shall indemnify you and your officers, directors, principals, partners, agents and representatives, and hold each of them harmless from and against any and all loss, liability, damage, claim or expense (including the reasonable fees and disbursements of its attorneys) incurred by or asserted against you or any of them arising out of or in connection with the instructions set forth herein, the performance of your duties hereunder and otherwise in respect hereof, including the costs and expenses of defending yourself or themselves against any claim or liability hereunder. Such indemnification includes any claim made by the Company against you with respect to these instructions or the performance of your duties hereunder. You shall have no liability to the Company in respect of this, and you shall be entitled to rely in this regard on the advice of counsel.

The Board of Directors of the Company has approved the foregoing IRREVOCABLE INSTRUCTIONS. The Company hereby confirms to you that no instruction other than as contemplated herein will be given to you by Company with respect to the matters referenced herein. Company hereby authorizes you, and you shall be obligated, to disregard any contrary instruction received by or on behalf of Company or any other person purporting to represent Company. At your sole discretion, you are also authorized to release any information you deem necessary for the processing, clearing, and settlement of the shares arising from this reservation.

Notwithstanding any other provision hereof, Company and Lead Investor understand that you shall not be required to perform any issuance or transfer of shares of Common Stock underlying the Securities if (i) such an issuance or transfer of shares is in violation of any state or federal securities laws or regulations, or (ii) the issuance or transfer of such shares is prohibited or stopped as required or directed by an order of a court of competent jurisdiction. The Company is responsible for all fees associated with the conversion of Notes and exercise of Warrants, including delivery and transfer of shares.

The Company agrees that in the event that you resign or are terminated as the Company's Transfer Agent, the Company shall engage a suitable replacement agent that will agree to serve as agent for the Company within five (5) business days. You reserve the right to resign as Transfer Agent at any time in accordance with the terms of your agreement(s) with the Company, and upon either voluntary resignation or termination by the Company, your obligations under this letter shall cease immediately and you shall

have no further obligations to act under these instructions. Notwithstanding the foregoing, the Company acknowledges that you will complete any pending Notice that is outstanding at the time of termination by either party.

This letter is governed by the laws of the State of Delaware.

[*Signature Page Follows*]

The Investor is intended to be and is a third-party beneficiary hereof, and no amendment or modification to the instructions set forth herein may be made without the consent of the Investor.

Very truly yours,

PROPHASE LABS, INC.

By: _____
Name: Ted Karkus
Title: Chief Executive Officer

Acknowledged and Agreed:

Lead Investor:

REDACTED

By: _____
Name: REDACTED
Title: Managing Partner

Transfer Agent:

EQUINITI TRUST COMPANY LLC

By: _____
Name:
Title: