

Emerging growth company ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Chief Operating Officer

On January 4, 2024, ProPhase Labs, Inc. (the “Company”) announced that Jed A. Latkin has been appointed to serve as Chief Operating Officer of the Company, effective on January 1, 2024.

Jed A. Latkin served as a director and Chief Executive Officer of Navidea Biopharmaceuticals, Inc. (“Navidea”) from October 2018 until October 2021 and as Chief Operating Officer and Chief Financial Officer of Navidea from May 2017 to October 2018. Mr. Latkin also served as Interim Chief Operating Officer of Navidea from April 2016 to April 2017. Mr. Latkin has more than twenty eight years of experience in the financial industry supporting many investments in major markets, including biotechnology and pharmaceuticals. He most recently was employed by Nagel Avenue Capital, LLC since 2010, and in that capacity he provided contracted services as a Turnaround Specialist for numerous companies and asset management firms. Mr. Latkin was responsible for a large diversified portfolio of asset-based investments in varying industries, including product manufacturing, agriculture, energy, and healthcare. In connection with this role, he served as Chief Executive Officer of End of Life Petroleum Holdings, LLC and Black Elk Energy, LLC, Chief Financial Officer of Viper Powersports, Inc. and West Ventures, LLC, and Portfolio Manager of Precious Capital, LLC. Mr. Latkin previously served on the Board of Directors for Navidea from October 2018 until October 2021, CORAR from October 2018 until October 2021, Viper Powersports, Inc. from 2012 to 2013, and the Renewable Fuels Association and Buffalo Lake Advanced Biofuels. Mr. Latkin worked for over ten years in Investment Banking at Citigroup, Morgan Stanley, and Fleet Boston Robertson Stephens. He also spent five years as a Co-Portfolio Manager for ING Investment Management. Mr. Latkin earned a B.A. from Rutgers University and a M.B.A. from Columbia Business School.

On December 28, 2023, Mr. Latkin accepted the Company’s Offer and Terms of Employment (the “Latkin Offer Letter”), which provides that Mr. Latkin’s annual base compensation in connection with his service as Chief Operating Officer of the Company will be \$350,000. He will also be entitled to a sign-on bonus in the amount of \$80,000. In addition, as an inducement to his employment as Chief Operating Officer of the Company, the Company granted Mr. Latkin stock options (the “Options”) to purchase up to 500,000 shares of the Company’s common stock, with an exercise price of \$6.00 per share and will be exercisable for a period of seven years, pursuant to an inducement option award agreement to be entered into between the Company and Mr. Latkin. This award was made in accordance with the employment inducement award exemption provided by Nasdaq Rule 5635(c)(4) and was therefore not awarded under the Company’s stockholder approved equity plan. The Options will vest over a three-year period, with 25% of the Options vested at the time of grant and the remainder of the Options vesting ratably on each of the first three anniversaries of the commencement date of his employment and subject to continued service on each vesting date. Mr. Latkin will be eligible for an annual discretionary bonus based on both the performance of the Company and of Mr. Latkin, individually. Mr. Latkin will also be eligible to participate in any and all benefit plans of the Company that are made generally available to similarly-situated employees of the Company.

In connection with Mr. Latkin’s appointment as Chief Operating Officer the Company, Mr. Latkin will enter into the Company’s standard form of indemnification agreement, a copy of which was filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 19, 2009 and is incorporated herein by reference. Pursuant to the terms of this agreement, the Company may be required, among other things, to indemnify Mr. Latkin for certain expenses, including attorneys’ fees, judgments, fines and settlement amounts incurred by him in any action or proceeding arising out of his service as principal accounting officer.

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

Chief Financial Officer and Controller

On December 28, 2023, the Company and Robert A. Morse mutually agreed that Mr. Morse would cease to be Chief Financial Officer of the Company and resume his role as Controller of the Company, effective January 1, 2024, reporting to the Chief Operating Officer of the Company.

The foregoing summary of the Latkin Offer Letter does not purport to be a complete description and is qualified in its entirety by reference to the full text of the Latkin Offer Letter, which is included as Exhibit 10.1 hereto and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

A copy of the Company’s press release dated January 4, 2024, relating to the announcement described in Item 5.02, is furnished as Exhibit 99.1 to this Form 8-K.

The information contained in this Item 7.01 and Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
10.1*	Latkin Offer Letter, dated as of December 28, 2023, by and between ProPhase Labs, Inc. and Jed A. Latkin
99.1	Press Release dated January 4, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Certain portions of this Exhibit have been omitted pursuant to Regulation S-K Item 601(a)(6) promulgated under the Exchange Act. The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

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: January 4, 2024

CERTAIN PERSONALLY IDENTIFIABLE INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT PURSUANT TO ITEM 601(A)(6) OF REGULATION S-K. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.



December 27, 2023

Jed Latkin

[***]

Offer and Terms of Employment

Dear Jed:

It is with great pleasure that I offer you a position with ProPhase Labs, Inc. ("ProPhase") as Chief Operating Officer ("COO"). You will be reporting directly to Ted Karkus, CEO of ProPhase. We at ProPhase work closely together in a hands-on, team oriented, collaborative environment. We are developing a high energy environment for the quick thinking, skilled, and professional who are looking to expand our genomics business, our biopharmaceuticals business, our Pharmaloz Lozenge manufacturing business, and our company as a whole.

Your position will be, as with all Associates, on an "at will" basis. Assuming acceptance of the terms outlined below, I look forward to your starting January 1, 2024. The following outlines the terms discussed:

- Your position will be considered a full-time position.
- Your compensation will be a base salary of \$350,000 per annum.
- Your signing bonus will be \$80,000 vesting upon the signing of this agreement and payable by January 31, 2024.
- You will receive a stock option grant to purchase 500,000 shares of ProPhase Labs common stock at \$6 per share subject to Nasdaq rules and upon executing our standard form of stock option agreement containing the specific terms and conditions of the stock option grant (25% vested at grant date, 25% per year vesting thereafter over 3 years subject to continued service on each such vesting date).
- You will be eligible for an annual bonus based on both company and individual performance to be paid at the discretion of the compensation committee of the board of directors.
- You will be eligible for additional stock options at the discretion of the compensation committee.

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- You will receive a \$900 a month auto allowance.
- You will be paid the base salary every other Friday, 26 paychecks annually, subject to all Federal, State and Local tax, withholdings.
- You will be eligible for participation in our various employee benefit plans based upon the terms of each of the individual plan provisions.
- You will receive 3 paid weeks’ vacation for each 12 months employment in addition to all other scheduled holidays in accordance with Prophase’s policy.
- All out of pocket expenses such as but not limited to business meals, travel and lodging, shall be reimbursed to you in a timely fashion subject to company policy.
- During your employment with the Company, you shall at all times: (i) comply with the terms and conditions set forth in this letter; (ii) perform and carry out such responsibilities, duties, and authorities as the company may direct, designate, request of, or assign to you from time to time; (iii) devote sufficient time, attention, effort, and skill to your position with and the business of the company; and (vi) comply with and abide by the company’s policies, practices, and procedures (as may be amended or otherwise modified from time to time).

On behalf of the company, I am pleased to extend this offer to you. This offer will expire on December 31, 2023 and is conditioned on a standard background check. I look forward to a long relationship and believe you can become an important component and member of our team to achieve success. If you have any questions, please feel free to contact me at your earliest convenience.

I look forward to your favored reply.

Sincerely,

/s/ Ted Karkus

Ted Karkus
Chief Executive Officer

Offer Accepted: */s/ Jed Latkin*

Date: *12/28/2023*



ProPhase poised to ramp up growth at Pharmaloz and Nebula Genomics in 2024

Company also plans to commercialize its BE-Smart Esophageal Cancer Test in 2024

Company announces the hiring of long-time industry veteran Jed Latkin as COO to help build and manage this growth

Garden City, NY – January 04, 2024 (GLOBE NEWSWIRE) – ProPhase Labs, Inc. (NASDAQ: PRPH) (“ProPhase” or the “Company”), a next generation biotech, genomics, therapeutics and diagnostics company, today reported that Jed Latkin, a long-time operations and finance expert, has accepted the role as COO of the parent company.

Mr. Latkin, a Columbia MBA, represented the seller in the Company’s acquisition of the BE-SMART Esophageal Cancer Test. He immediately became a consultant to ProPhase to help develop its biotech assets including the BE-Smart test as the Company works toward its commercialization, as well as work on the Company’s other subsidiaries.

Mr. Latkin has been in the finance and management industry since 1996 and has worked with over 15 pharmaceutical companies over the last ten years alone. He has served as CEO, CFO or COO of multiple companies in Biotech, manufacturing, and other verticals.

Mr. Latkin has also served as a board member of several key industry groups that has allowed him to build a diverse network of contacts that will help ProPhase find key partnerships over the next several years. In his role at ProPhase he will not only serve as COO of the Company but also as the head of the newly restructured finance department.

“ProPhase has successfully transformed itself once again from a company that was mainly focused on the covid testing lab business, into a diversified manufacturing, biotech and genomics powerhouse that has multi-billion-dollar potential,” said Ted Karkus, CEO of ProPhase Labs.

“We anticipate an acceleration in growth at both Nebula Genomics and Pharmaloz Manufacturing, as well as commercialization of our BE-SMART esophageal cancer test, during 2024. Our entire senior team at ProPhase has worked very closely with Jed over the past year and our Board of Directors has spent meaningful time with him as well. Given our multiple high growth prospects in 2024, we felt that it was the perfect time to hire him as our COO, to help develop and grow these subsidiaries. With his diversified background at a multitude of companies spanning from biotech to manufacturing, he is an ideal fit for this multi-faceted COO role,” Mr. Karkus concluded.

Inducement Award

Mr. Latkin was awarded a stock option to purchase up to 500,000 shares of the Company’s common stock as an inducement to his employment as Chief Operating Officer of the Company. This award was made in accordance with the employment inducement award exemption provided by Nasdaq Rule 5635(c)(4) and was therefore not awarded under the Company’s stockholder approved equity plan. The option award will vest over a three-year period, with 25% vesting at the time of grant and 25% vesting every twelve months following the commencement date of his employment, contingent upon his continued service through each vesting date. The options have an exercise price of \$6.00 per share and will be exercisable for a period of seven years.

About ProPhase Labs

ProPhase Labs, Inc. (Nasdaq: PRPH) is a next-generation biotech, genomics, therapeutics and diagnostics company. Our goal is to create a healthier world with bold action and the power of insight. We’re revolutionizing healthcare with industry-leading Whole Genome Sequencing solutions, while developing potential game changer diagnostics and therapeutics in the fight against cancer. This includes a potentially life-saving cancer test focused on early detection of esophageal cancer and potential breakthrough cancer therapeutics with novel mechanisms of action. Our world-class CLIA labs and cutting-edge diagnostic technology provide wellness solutions for healthcare providers and consumers. We develop, manufacture, and commercialize health and wellness solutions to enable people to live their best lives. We are committed to executional excellence, smart diversification, and a synergistic, omni-channel approach. ProPhase Labs’ valuable subsidiaries, their synergies, and significant growth underscores our multi-billion dollar potential.

Forward Looking Statements

Except for the historical information contained herein, this document contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our strategy, plans, objectives and initiatives, including our plans to grow our subsidiaries and commercialize our BE-Smart Esophageal Cancer Test in 2024. Management believes that these forward-looking statements are reasonable as and when made. However, such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include but are not limited to our ability to obtain and maintain necessary regulatory approvals, general economic conditions, consumer demand for our products and services, challenges relating to entering into and growing new business lines, the competitive environment, and the risk factors listed from time to time in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and any other SEC filings. The Company undertakes no obligation to update forward-looking statements except as required by applicable securities laws. Readers are cautioned that forward-looking statements are not guarantees of future performance and are cautioned not to place undue reliance on any forward-looking statements.

For more information, visit www.ProPhaseLabs.com.

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